

the Credit World

MAY 1949



35th ANNUAL INTERNATIONAL CONSUMER CREDIT CONFERENCE

Boston, Massachusetts

June 20 to 23, 1949

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handling collections.*

I'D NEVER worked any place before that did business on credit. I'd never thought about the fact that there would be a right way—and a wrong way to handle your past due accounts.

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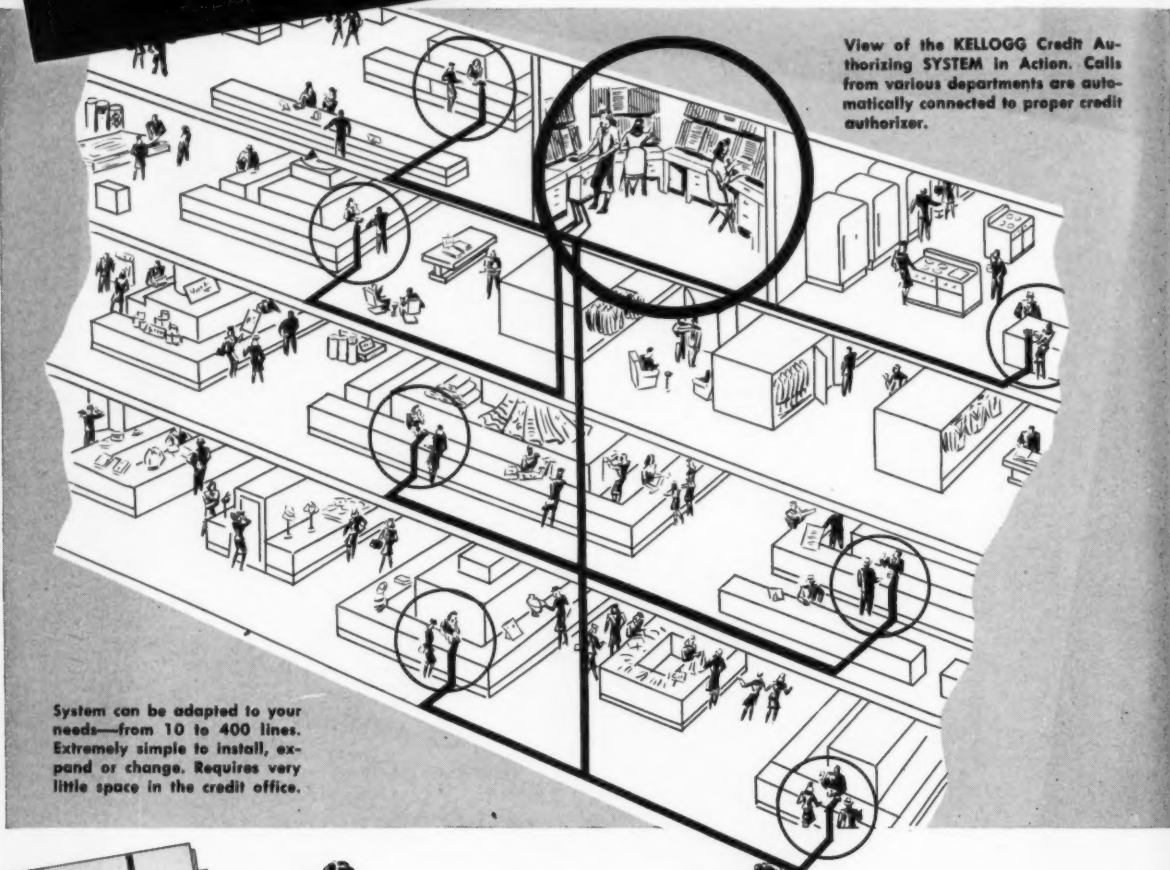
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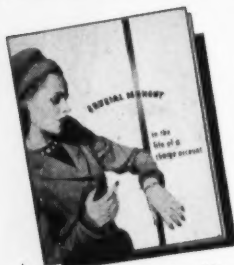
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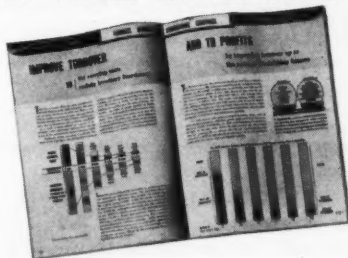
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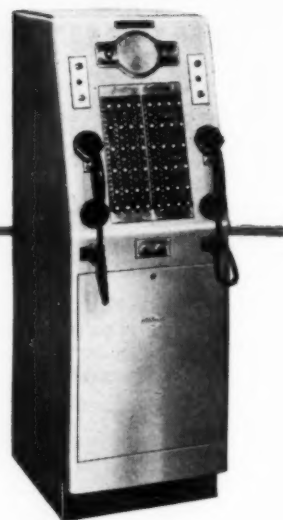
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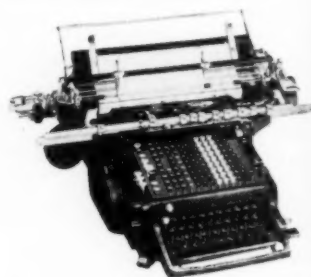
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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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Volume 37 MAY, 1949 Number 8

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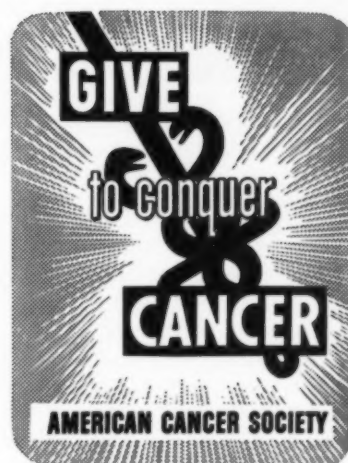
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CIRCULATION OF THIS ISSUE 27,500

Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription \$3.00 a year, to members of the National Retail Credit Association only. Articles published in The CREDIT WORLD reflect the opinions of the authors and not necessarily the viewpoint of the National Retail Credit Association. Reproduction privileges of original material are hereby granted, provided usual credit is given.

Printed in U.S.A., by Bethany Press.



Official Notice

To All Members of the National
Retail Credit Association:

You are hereby notified that the 35th Annual International Consumer Credit Conference of the National Retail Credit Association will be held in the city of Boston, Massachusetts, June 20-21-22 and 23, 1949, for the election of officers and four directors at large, and the ratification of directors elected by the respective districts, also the installation of officers and directors and the transaction of such business as may properly come before the meeting.

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Directors' Terms Expiring in 1949:

The terms of the directors for Districts 1, 2, 3, 4, 5, 6, and 7, and four directors at large expire at the Conference. The directors elected by Districts 1, 2, 3, 4, 5, 6, and 7, will be ratified and installed for two year terms and the four directors at large will be elected and installed for two year terms.

L. S. CROWDER
General Manager-Treasurer

Attest:
ARTHUR H. HERT
Secretary

CREDIT WORLD 5
MAY 1949



Possible Credit Headaches Ahead For Retailers

Harvey W. Huegy

Professor of Marketing, University of Illinois

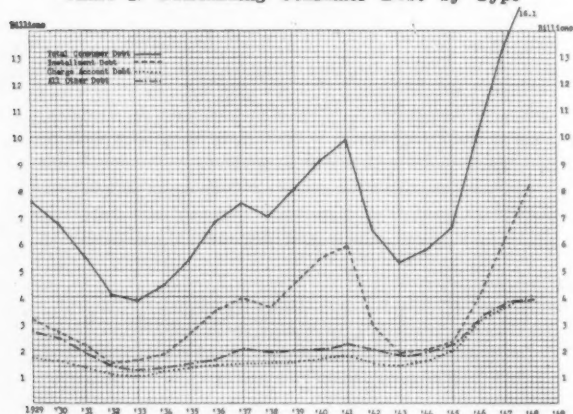
THAT CONSUMER CREDIT was again an important part of the business of retailing has been apparent ever since 1945. Quantitatively it is important because of the dollar amounts involved and the number of customers using credit. This is especially evident in the sales of certain lines such as the higher valued durable goods, and the luxury goods; and in the sales of retailers making stronger appeals through service.

Since 1945 credit has become increasingly important to many customers. Customers who appreciate the convenience of either the monthly charge account or the budget account want to have the benefit of family credit. Many families want to use their credit to enhance their immediate enjoyment of life; they want to enjoy now and pay as they use. They want to transfer payment into the future and use into the present, a natural desire and a proper use of credit. And again we have with us some families who use credit under the pressure of necessity. Such families use credit to relieve either the mild pressure resulting from postponed receipt of income or irregularities of income, or the stronger pressure of emergencies.

In response to these various motives customers have used their credit to an increasing extent in every year since 1945, and in 1946, 1947, and 1948 used credit to such an extent that each of these years set a new record for the total amount of consumer debt outstanding. As might be expected such use of credit caused some to "view with alarm." It has been referred to as excessive, dangerous and as contributing to inflation. The question of curbing the use of consumer credit was again raised and after some discussion a mild regulation was put back on.

In view of this skepticism about consumer credit, what is the record of the past 20 years? The chart below

Chart 1. Outstanding Consumer Debt by Type



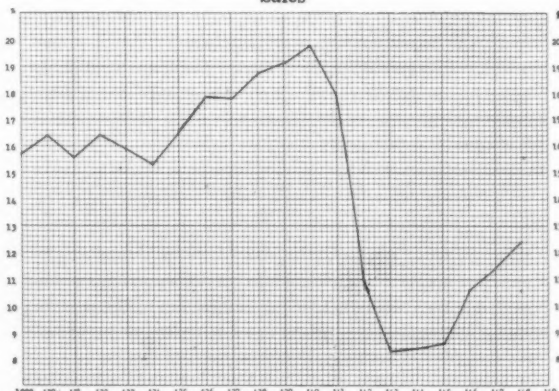
(Chart 1) shows the year-end outstandings by total and by type; instalment, monthly charge account, and all other credit. It is readily apparent that the last three years have seen the total consumer credit outstanding and the total for each of the major types reach record high levels, and there is no evidence that the peak has been reached. It is also apparent that installment credit has been the more volatile element; most of the movement of the total has been accounted for by changes in this type of credit. The war years brought with them a decline in the use of consumer credit almost as marked as the depression years, though for quite different reasons. With the end of the war the rush to make postponed purchases, higher prices, and the exhaustion of savings all combined to push the use of credit.

But the dollar amounts alone are not convincing proof that the amounts outstanding are excessive, alarming, or dangerous. We cannot on that basis alone say that consumers have overextended themselves; that retailers have placed too much credit on their books. To answer such questions we must look at consumer credit relative to other things.

One of the important relatives is the value of the dollar. That, too, has changed. The 16.1 billions of dollars of consumer credit outstanding in 1948 dollars would shrink to about the equivalent of but 9.5 billions of pre-war dollars, which figure does not seem so greatly out of line with previous years. Thus, part of the new record is not an indication of excess; it is but the reflection of the general inflation we have experienced.

An even more important relative measure of the extent of use of consumer credit is supplied by retail sales. Retail sales too have expanded. In fact, consumer indebtedness at the end of 1948 was a smaller proportion of that year's sales than in most previous years. This relationship is traced on the chart below (Chart 2) which shows the percentage which total outstanding consumer credit

Chart 2. Percentage of Consumer Debt to Total Retail Sales



was to annual retail sales from 1929 to 1948. The percentage of a year's annual sales unpaid for at the end of the year would seem to be a good measure of the extent of use of consumer credit.

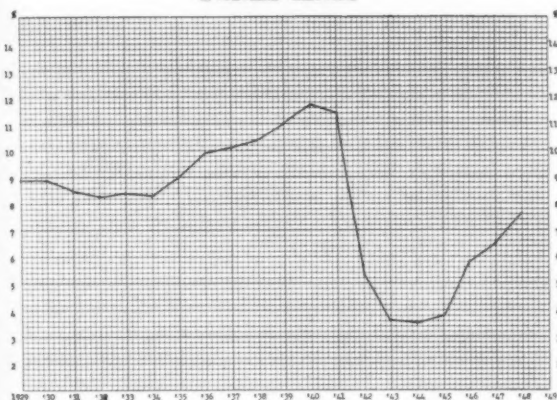
In 1940, when unpaid annual sales were the highest of record, outstanding debts were 19.8% of sales, or the equivalent of about 72 days' sales unpaid at the end of the year.

In 1948, when total consumer debts were the highest of record, outstandings were but 12.4% of sales, or the equivalent of but 45 days' sales unpaid.

On the basis of this test it would seem that, on the average, neither consumers nor merchants have left unpaid an alarming number of days' sales.

An even more important relative against which to measure the extent of the use of credit is income. As the basis for this measure we will take total personal incomes. Personal incomes too have expanded greatly so that here too we find the percentage which the total consumer debt bears to total personal incomes to be much lower than it was during many past years. (Chart 3)

Chart 3. Percentage of Consumer Debt to Total Personal Income



Many times in the past, consumers have, on the average, been obligated for a larger proportion of their incomes than at the present moment. For example, during all of the depression years the percentage of debt to personal income was much higher than at the present.

In 1940, when the greatest proportion of personal income was obligated, consumers were in debt to the extent of 11.7% of total personal income or the equivalent of 42 days' income.

In 1948, when total consumer debt in dollars was the highest of record, total consumers' obligations were but 7.6% of total personal income, or the equivalent of but 27.4 days' income.

It would seem then that on the basis of these tests of the average situation, the present consumer debt situation is not strikingly abnormal nor especially alarming. Certainly, consumers have on numerous past occasions successfully managed debts which were relatively much heavier.

But these are averages, and creditmen early learn that they deal not with averages but with individuals. While consumers as a whole are in a healthy credit condition, there are many signs that individual families are not in such happy condition. And, of course, we are moving rapidly toward a more extended condition. Symptoms

of credit strain in the form of slower collections, larger balances carried forward on accounts, and larger cash loans are appearing.

The ability of the individual family to take care of its credit obligations in a satisfactory manner is to a large extent measured by the balance freely available for debts or savings. This is the difference between total income and the amounts necessary for taxes, necessities, and conventional wants. Expansion of family desires to a longer list of conventional wants, advances of prices, higher taxes, and more slowly advancing salaries and wages have with many families squeezed the balance freely available. Savings have dropped; past savings have been liquidated; and more longer-term obligations have been assumed. The effect of all these changes has been to reduce the balance freely available.

If the inherent soundness shown by the averages is to prevail for the individual accounts, it is necessary that retailers again apply a liberal dose of credit fundamentals: (1) Applications—complete information carefully taken on all accounts; (2) investigation—adequate to supply a sound factual basis for (3) analysis—which is critical and sufficiently searching so that (4) decisions—are rational and sound.

These fundamentals of credit management plus (1) controlled use of accounts to assure that all customers continue to conform to sound standards of credit use; and (2) collections which maintain a healthy balance of cash inflow and prevent questionable accounts from becoming loss accounts will assure that the tests of the averages will remain sound for the individual cases. ★★★

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NATIONAL RETAIL CREDIT ASSOCIATION

Shell Building

St. Louis 3, Mo.

Dweller on the Threshold

FREDERICK W. WALTER, *Credit Manager, The Bailey Co., Cleveland, Ohio*

THE MOST INTERESTING place in a modern department store is the credit office, for it is here that a veritable miniature world passes in review. It is a reliable index of public feelings; the state of its businesses, professions and jobs; its domestic affairs; its hopes and aspirations; its disappointments and frustrations; its jealousies and its hatreds; its extravagancies and insensate desires to keep two steps ahead of the Joneses; and, of course, its illnesses and operations—which afford the material for such toothsome conversations and excuses for not paying bills; its marital tragedies and its felicities; its despairs and its hopes; its defeats and its victories; in short, life at its worst and its best.

All these conditions affect business in various manners, but management is not especially concerned with the philosophical considerations of its problems, useful, and necessary as that may be, because, "well, that's all right for professors and such like, but we deal with things, prices, trends, graphs, cartels, buying associations, lobbies and all that sort of thing, you know, and we don't feel like being bothered just now—some other day, maybe."

But when sales begin to drop and the 'goods, wares and merchandise' take on the aspect of relics and museum pieces, there comes to light a new series of circumstances which are most disturbing. Declining sales mean lowered profits, and because costs have a habit of remaining constant, the relation of costs to profit gets out of line and the next step is to try to set up a more normal relationship. This means reducing the element of cost in store activities, no matter in what functional operation, and ranges from purchases of every nature to wages, since taxes, rents, interest, insurance, and similar obligations are not readily changed, if ever. The little balls that not too long since were merrily chasing each other up the giddy spiral of inflation are found rolling down with an accelerated tempo. This naturally results in diminished activity in ever widening circles, and so there enters upon the credit office stage another scene whose principal character is gaunt, stark fear.

When there are no jobs at all, or some at greatly reduced pay, there is no money for the rent, monthly installment on the 100% G. I. mortgage, inadequate food for the children, clothing, heat and the charge account, and the payments due on the refrigerator, furniture, television (which did not include 'tele-vision'), doctor, hospital, and all the other expenses associated with the higher scale of living, then does one's heart grow sick at the prospect. For these individuals are the not too innocent victims of a social order that builds its hopes on what 'things' will do for it, but seldom makes any provision for what these same 'things' will do to it.

Speaking of payroll cuts, Dr. Robert D. Loken writes in the March DRY GOODS ECONOMIST, "These cuts are generally made by not rehiring when people quit. Therefore, those departments with high personnel turnover take the first and most drastic personnel reductions. Usually these are the very departments which are in

greatest need of assistance and that is why they have high turnover in the first place. So the cut only makes matters worse in the long run, even though it gives a healthier complexion to the profit picture today. The same axe then swings on buying trips, telephone calls, customer services, and renovations. Eventually the cuts are made, the controller's ulcer quiets down and profits look healthy once more. But, and this is the vital point, these adjustments will be very expensive in the long run because all of the 'improvement' was accomplished negatively in tearing down and weakening the very foundation of the business, *its people*."

It is people who come on this stage of ours; not only our employees but those of other organizations make their entrance as customers, bringing with them the outlined expression of their own fear and limitation. Unfortunately, more of this will be in evidence now than we care to admit, but we will not be able to escape the fact that our material prosperity which we have been worshipping so fervently and advertising to the world at large as our version of the abundant life, has a strange way of disappearing around the corner. Perhaps it is the same corner that prosperity was supposed to have been just around.

While it is unquestionably true that many people have more money at their command now than ever before, it is also true that an increasing number are finding terrific problems in providing for their families the reasonable comforts of life. Cuts in pay, reduction in working hours and days, with many shut off entirely, senseless and dictatorial strikes, are introducing another character to our attention, that of discouragement and apathy. The human race has never set up for itself too high goals of achievement, nor the standards of daily consumption of energy to reach and maintain these goals. So we are not surprised to find people letting go of themselves in a distressing fashion, and begging for someone to take over their affairs and bring about some normal pattern of existence. Progress is not made that way at all.

The object of this little study is not so much to pay too much attention to the play, but rather to look through it and try to see what is going on, and secondly, to see how far we are identifying ourselves with what is passing in review. In other words, what sort of a world are we claiming for ourselves? That is most important and we may find to our extreme mortification that we have been undermining our own foundations to our very great detriment.

As he sits at his desk, or stands on the threshold of his office, what does the credit man see? All these things that have been thrust before his notice in such a disturbing fashion, insisting that he claim them as the realities of life and make them part of his own experience, or does he recognize them for what they really are, the phantasmagoric and narcissistic claims of the human mind in its unsuccessful attempt to deny God and His beneficent creations? To the extent that he is successful in detaching himself from their baneful influences, the freer he finds himself, the more successful he is in his daily operations, and the greater peace comes to him in his efforts

to improve his spiritual state. Unfortunately, there are those to whom these words are just so much tripe and meaningless jargon, and we cannot but have the deepest pity for the man who does not know, does not know that he does not know, and does not want to know.

Josiah Gilbert Holland says,
"God give us men! A time like this demands
Strong minds, great hearts, true faith and ready hands;
Men whom the lust of office does not kill;
Men whom the spoils of office cannot buy;
Men who possess opinions and a will.
Men who have honor; men who will not lie;
Men who can stand before a demagogue
And damn his treacherous flatteries without winking!
Tall men, sun-crowned, who live above the fog
In public duty, and in private thinking."

The observing credit man discovers that he literally creates his own world. He is not responsible for all the scenes that present themselves before him for his consideration, but he, and he alone, is responsible for his reaction to them. This is not easy to take, but it is the "via dolorosa" that he has to travel on his own feet until he learns to use "the wings of the morning." It is the valley of the shadow through which all must go until we learn the lesson that it is only a shadow; then the light of understanding bursts on us, and we find ourselves masters of the world about us, a world which is vastly different from anything we had previously dreamed. This discovery comes not by way of perspiration but by inspiration.

There is another aspect to this situation that is frequently overlooked and that is that the credit executive may become so involved with the problems and experiences brought to his attention as to make them a part of

himself. Then he wonders why he has so much trouble and often physical disturbances which are quite baffling at times. He has yet to learn the lesson of detachment, to keep himself free from the thoughts and affairs of others when they do not concern him. This does not mean to refrain from saying or doing the obviously kindly thing at any time, but until he is called on to solve another's problem, he will be wise not to get mixed up with it. He may find that he will be doing more harm than good. After he has developed sufficiently to have achieved a reasonable mastery of his own thoughts, emotions and acts, he will be in a position to help others when they are ready for it. Then, also, he will be better prepared to divine the correct atmosphere of any given situation.

It is clear, then, that the real dweller on the threshold is our own self; the vista that opens before us is that projected by our own consciousness; and the world about us, whether just at the end of our noses or a million light years away, is of our own making. It is a staggering thought in its twofold aspect and the sooner we awake to our real possibilities the greater our success and the deeper and richer our peace.

Our thanks go out to an unknown writer for the following lines:

"Out of all that I hear and see,
Day by day I am building Me;
I alone have the right to choose
What to reject and what to use.

"Nobody's workmanship but mine
Can keep the structure true and fine;
Strong or feeble, false or true,
I build Myself by the deeds I do."

CREDIT WORLD BINDERS

THESE NEW BINDERS, which we have recently purchased for our Members, are the pamphlet type with stiff blue fabrikoid covered sides and the words "The CREDIT WORLD" lettered in gold on the backbone. Each Binder will hold twelve issues. There is an individual wire for each issue which can be easily inserted. Every member should have one of these Binders for each volume or each year.

THESE BINDERS may be kept on your desk or in your bookcase for ready reference. When you have this Binder at your finger tips you do not have to fumble around for your CREDIT WORLD for last November. It will be there with all the other current copies. Order one today while you have your issues for 1948 still available.

ONLY \$2.50 POSTPAID

★ ★ ★

NATIONAL RETAIL CREDIT ASSOCIATION
SHELL BUILDING **ST. LOUIS 3, MO.**

Recent Changes in Consumer Credit

IN JANUARY there was a more than seasonal decline in the volume of consumer credit outstanding, halting the upward trend which had prevailed for more than three years. Coincidental with the release of this estimate the Federal Reserve Board announced a relaxation of *Regulation W* restriction on installment credit terms which were established last September.

The down payment on all items other than automobiles was reduced from 20 percent to 15 percent. For all items, including automobiles, the contract term permitted was extended to 21 months. Previously it had been 15 months for loans of less than \$1,000 and 18 months for those over \$1,000. The significance of this development should be appraised against the background of postwar credit expansion, as well as the apparent effect of the termination of *Regulation W* on November 1, 1947, and its reimposition in modified form on September 20, 1948.

While the availability of credit undoubtedly influenced to some extent the intensity of consumer demands, the postwar expansion of consumer credit was largely the result rather than the cause of the changing pattern of consumption expenditures in the postwar period. This changing pattern of expenditures was in turn determined in the main by the availability of goods. The expansion of expenditures on most durable goods lagged behind the immediate postwar increase in nondurable goods and the sale of automobiles has continued to rise after some other durable goods passed their peak.

Annual Increase in Consumer Outstandings

The successive columns of table 1, which show for the past 3 years the annual increase in consumer credit outstanding and the proportionate share accounted for by the various types of credit, reflect this changing pattern of expenditures. They also reflect the cumulative effect of high installment sales on the total volume of credit outstanding. Over half the increase in 1946 was in the noninstallment lines. By 1948 this share had dropped to less than 20 percent. In the meantime the installment sale credit on other than automobiles had increased from less than 10 percent in 1946 to more than 20 percent in 1947 and dropped back moderately in 1948. The share of the annual increase accounted for by automobile installment credit increased from 9 percent in 1946 to 32 percent in 1948.

Despite the increase of 10 billion dollars since VJ-day from less than 6 billion dollars to over 15 billion dollars, the total volume of consumer credit outstanding is still low by prewar standards. At the end of last year it was equivalent to a little more than 8 percent of disposable income, which is below the experience of years like 1929 and 1941.

With this perspective, closer examination of recent trends in consumer credit is warranted. Such an examination cannot, of course, quantify the extent to which changes in credit are due to changes in terms as distinguished from all the other influences affecting con-

sumer decisions to buy on credit. It does suggest, however, that changes in terms have been less important than other influences.

As shown by table 2, the rise in consumer credit during the first three quarters of 1948, after credit controls had been eliminated, was almost equal to that occurring in the same period of 1947, when *Regulation W* was effective. In sharp contrast, the increase in consumer credit for the four months ending January, 1949, after controls had been reinstated, was one-third of the rise in the same months a year earlier.

Table 1.—Annual Increases in Consumer Credit, 1946-48¹
[Millions of dollars]

Type of credit	1946		1947		1948	
	Dollars	Per cent of total	Dollars	Per cent of total	Dollars	Per cent of total
Total consumer credit -----	3,503	100.0	3,325	100.0	2,498	100.0
Total installment credit -----	1,585	45.2	2,277	68.5	2,009	80.4
Installment sale credit -----	655	18.7	1,281	38.5	1,256	50.3
Automobile -----	317	9.0	607	18.3	810	32.4
Other -----	338	9.6	674	20.3	446	17.9
Installment loan credit -----	930	26.5	996	30.0	753	30.1
Total noninstallment credit ---	1,918	54.8	1,048	31.5	489	19.6
Charge accounts -----	1,073	30.6	558	16.8	242	9.7
Single-payment loans -----	743	21.2	444	13.4	195	7.8
Service credit -----	102	2.9	46	1.4	52	2.1

¹From Dec. 31 to Dec. 31.

Source: Board of Governors of the Federal Reserve System.

With the elimination of installment credit controls, downpayment and contract maturity terms in the first 9 months of 1948 were substantially easier than in the first 9 months of 1947. Downpayment requirements for appliances and furniture were reduced from one-third to less than one-quarter but those for automobiles were typically unchanged. Contract maturities were lengthened in all lines except, by and large, for prewar used cars.

Table 2.—Increases in Consumer Credit 1947-49
[Millions of dollars]

Type of credit	First three quarters		October 1947- January 1948	October 1948- January 1949
	1947	1948		
Total consumer credit -----	\$1,597	\$1,389	\$1,429	\$561
Total installment credit ---	1,390	1,587	921	277
Installment sale credit --	699	935	560	193
Automobile -----	460	707	198	117
Other -----	239	228	362	76
Installment loan credit --	691	652	361	84
Total noninstallment credit-	207	-198	508	284
Charge accounts -----	-190	-385	376	223
Single-payment loans ---	350	148	129	52
Service credit -----	47	39	3	9

Source: Board of Governors of the Federal Reserve System.

Despite this relaxation of terms, the increase in installment loan credit and sale credit, other than automobiles, was slightly less in the first three quarters of 1948, compared with the same period in 1947. The declining rate

ot increase in sales, and therefore the smaller increase in credit outstanding, was due to the diminished urgency of demand and the actual exhaustion of backlogs in some areas. Presumably the difference would have been even more if controls had been continued. It is evident, however, that the relaxation of credit terms was not enough to offset these other influences.

In contrast, the increase in automobile sale credit was half again as large in the second period as in the first. This was due in large part to the continued pressure of demand, the increasing availability of passenger cars and the increasing proportion of cars sold on installment credit. The light easing of terms with the elimination of controls may have been a contributing factor, particularly in increased sales of used cars. Noninstallment credit, which was uncontrolled in both periods, actually declined for the first three quarters of last year.

Installment Terms Under Regulation W

Installment terms under the reimposed *Regulation W* were not substantially different from the typical terms during the unregulated period but they did result in a curtailment of the extreme range of smaller down payment and longer contract maturities. To this extent they had some effect on the demand for those goods typically bought on installment and on the increase in credit outstanding in the period October 1948 to January 1949. The evidence suggests, however, that they were not a major influence in this period.

The increase in credit for the 4 months ending January 1949, was less than half that in the corresponding period in 1947-48. Furthermore, the difference was largely in installment credit, where controls were reimposed. However, this is a net increase in outstanding credit which reflects the higher rate of installment sales in previous months, on which payments were being made in the last 4 months, as well as the effect of the reimposed controls on new installment sales. Furthermore, credit controls were only one and not the most important influence affecting consumer expenditure decisions.

While total automobile sale credit outstanding increased less in the four months ending January 1949 than in the same period a year earlier, reports from sales finance companies, which account for almost two-thirds of the installment sale credit outstanding on motor vehicles, suggest that the difference occurred primarily in used car financing.

As shown by table 3, new passenger car financing by these companies was larger in these 4 months than in the same period a year earlier. New car sales, and presumably installment financing, were still limited mainly by production rather than by any lack of demand.

The change in credit outstanding is, of course, a function of repayments as well as installment sales. The increase between these two periods in the rate at which new installment loans were being granted was not so large as the increase in payments on existing installment credit. This higher rate of repayments reflects the much larger volume of credit already outstanding at the beginning of the second period as the result of the higher rate of sales in previous months. With repayments increasing more than new loans as compared with the previous year, there was a smaller net increase in credit outstanding.

Table 3.—Volume of Automotive Retail Installment Paper Acquired by Sales Finance Companies
[Index Numbers, January 1947=100]

Months	New passenger cars			Used passenger cars		
	1947	1948	1949	1947	1948	1949
January ---	100.0	222.3	236.9	100.0	152.7	184.0
February --	107.0	195.6	-----	110.0	166.4	-----
March -----	131.6	256.2	-----	134.2	264.6	-----
April -----	139.5	225.5	-----	143.6	275.2	-----
May -----	132.5	178.1	-----	146.5	242.2	-----
June -----	136.5	204.8	-----	146.5	259.2	-----
July -----	143.3	223.2	-----	149.4	264.4	-----
August -----	133.3	254.4	-----	146.4	267.0	-----
September -	141.3	246.8	-----	159.6	280.4	-----
October ---	175.2	212.2	-----	158.0	196.3	-----
November -	187.4	258.8	-----	156.4	214.0	-----
December -	226.8	282.0	-----	164.2	214.0	-----

Source: Board of Governors of the Federal Reserve System. Reports are based on representative sample which accounts for the bulk of all Sales Finance Companies. Index numbers computed by Office of Business Economics from month to month percentage changes.

While used car financing in the fourth quarter of 1948 was above the comparable period of 1947 it was well below the previous 7 months. This indicates that installment payments exceeded new installment sales resulting in a net decline in credit outstanding on used cars.

The reimposition of *Regulation W* contributed to some extent to the used car decline as well as the gradual shift from higher priced to lower priced cars and the generally lessening pressure of demand all along the line in recent months. While the demand for automobiles is still strong, many of the more urgent requirements have been satisfied.

As in the case of automobiles the installment terms for other consumer durables under the reimposed *Regulation W* were not too different from those typically prevailing in the unregulated period. To the extent that the regulation did eliminate the more than typically easy terms, however, it did mean some curbing of demand.

More important than any change in credit terms was the fact that backlogs in many of these items have diminished or disappeared. As the more urgent demands were satisfied there was necessarily some leveling off of the upward trend of new installment sales.

Furthermore the net increase in credit outstanding, which was only one-fifth as large in the 4 months ending January 1949 as in the same period of 1947-48, was

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Hospital Group Plans

THE HOSPITALS AND PROFESSIONAL Group are again planning outstanding sessions at the 35th Annual Consumer Credit Conference to be held in Boston, Mass., June 20-23, 1949. Outstanding administrators include: Dr. Nathaniel W. Faxon, Director, Massachusetts General Hospital and the Massachusetts Eye and Ear Infirmary; Dr. Robert W. Wilhelm, Director, Peter Bent Brigham Hospital; Judge Frank S. Deland, Trustee, Faulkner Hospital; John H. Keig, Comptroller, The New York Hospital; Charles F. Mehler, President, American Association of Hospital Accountants; and Professor Joseph L. Snider, Harvard University, who will speak on credit and collection subjects that will have universal appeal to hospital directors and superintendents as well as to hospital credit personnel. The speakers will present a complete study of credit and collection problems and their direct application to hospitals today. Among the major topics to be covered will be: History of Credit; Collection Policies of New England's largest hospital; Credit Procedures; The Value of Well Trained Credit Personnel in Hospitals; The Effect of the Present Uncertain Economic Conditions on Hospital Collections; and other important credit subjects. In addition to hospital credit problems, there will be an opportunity to sit in on the general sessions of all groups from throughout the country and become better acquainted with their opinions of what lies ahead. Frances M. Hernan, Chief Accountant, Massachusetts General Hospital, Boston, is Chairman of the Hospital and Professional Group. A question and answer period will be provided for those who wish to send in credit and collection items to Miss Hernan. One of the greatest medical and scientific centers in the United States, historic Boston is waiting to welcome you June 20-23.

affected by the high rate of payments on the large volume of installment sales made earlier in 1948.

Table 2 indicates the smaller increase in installment loan credit outstanding in the 4 months ending January 1949, as compared with the comparable period a year earlier which is even more striking than the difference in installment sale credit outstanding. Insofar as these installment loans are used directly or indirectly for the purchase of consumer-durable goods they are subject to the same influences as the installment sale credit discussed above. Insofar as they are used to meet emergencies such as major medical expenses the volume of credit outstanding has tended to rise in line with the higher than prewar incomes and living costs. With a smaller rate of increase in incomes and a leveling off of the upward trend in living costs, the further increase in credit outstanding has been reduced. While the reimposition of credit terms undoubtedly was a contributing factor the correspondingly smaller increase in single payment loans, also shown in table 2, suggests that these terms were not the major influence. The single payment loans were not subject to controls in either period.

The experience of jewelry stores indicated in table 4 suggests that where sales have declined because of other

Historic Boston

IN BOSTON your history books will come to life. In the Navy Yard, for example, berthed beside battleships and carriers, the proud *Constitution* still floats. This is the same "Old Ironsides" which fought in 40 engagements, without suffering a single defeat. You can see the site of the Boston Massacre, and the Boston Tea Party, too. You can climb Bunker Hill which the redcoats stormed, while the patriots held their fire. You can visit old taverns where minutemen gathered and see bullet holes the British left behind. In fact, there are scores of old houses, halls and meeting places around Boston, each with a story all its own.

Boston is definitely a literary town, abounding in new and second-hand bookshops. As you stroll through the streets you can pause to browse through the treasures in indoor stalls. If you like to feel literature come to life, you will want to make a tour to see the homes of America's foremost authors: Longfellow, Lowell, Hawthorne, Emerson, and Louisa May Alcott. You will also want to see the Agassiz museum (glass flowers), Harvard University, Lexington battleground, Hancock-Clarke house, Concord battleground, the graves of the British soldiers, and the old North Bridge where was fought the battle which inspired Emerson to write:

"By the rude bridge that arched the flood
Their flag to April's breeze unfurled,
Here once the embattled farmers stood
And fired the shot heard 'round the world."

Arrange your time to permit visits to these historic places before and after the Conference. Better still, take your family with you and spend your vacation in beautiful and interesting New England. The weather during the latter part of June is delightful and you will be in advance of the heavy tourist season.

influences affecting expenditure decisions, even though consumer incomes are maintained, increased credit has not offset that tendency. Jewelry sales were the first to show weakness after the postwar peak which in this instance was reached in 1946. While sales declined in the next 2 years the amount of credit outstanding almost doubled.

Table 4.—Sales and Installment Credit for Selected Retail Stores
[Index Numbers, 1939=100 for Sales; December 1939=100 for Accounts Outstanding]

Year	Furniture Stores		Household appliance stores		Jewelry stores	
	Sales ¹	Accounts outstanding (end of year)	Sales ²	Accounts outstanding (end of year)	Sales	Accounts outstanding (end of year)
1946	265	65	316	10	371	126
1947	312	94	463	19	362	197
1948	329	112	512	29	333	240

¹Furniture and housefurnishings.

²Household appliances and radios.

Source: Board of Governors of the Federal Reserve System for accounts outstanding and U. S. Department of Commerce, Office of Business Economics for sales.

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By the way you pay, you write your own record in the files of the Credit Bureau.

Millions of cards in the files of the Credit Bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record

This sticker is designed to bring home the importance of paying bills promptly. It points out that credit reports are based on the manner in which the customer pays his obligations. It is a constructive educational sticker and will produce excellent results. Printed in bronze blue ink on goldenrod colored paper.

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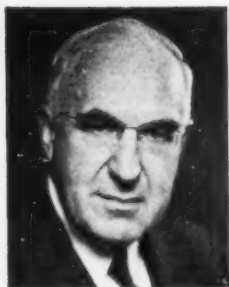
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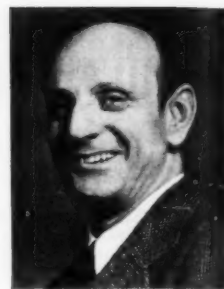


Daniel L. Marsh

DR. DANIEL L. MARSH has been president of Boston University since February 1, 1926. He was born in Western Pennsylvania; educated in the public schools and secured his preparation for college in the West Newton (Pa.) Academy. He graduated from Northwestern with highest honors and his advanced studies were pursued at the Universities of Chicago, Boston, Pittsburgh, Geneva and Oxford. Fifteen colleges and universities in America and Europe have conferred honorary doctors' degrees upon him in recognition of his outstanding leadership in education, civic, and religious affairs. His activities and interests are widely varied. There are few men who possess such great skill along so many lines and whose energy is as unbounded. He has served the City of Boston and the State of Massachusetts, by appointment of the Governor, on several occasions. He is a trustee or director of several large religious, philanthropic, and business institutions. He is a member of many learned societies, a thirty-third degree Mason, and has lately been District Governor of Rotary International. In the years of his presidency of Boston University, it has had an amazing growth. Its student enrollment has increased from about 11,000 to more than 30,000. Its net assets has increased many-fold. Its new campus is being developed, and will be one of the finest university plants in the country. The faculty has been increased in numbers and in scholastic prestige. He is characterized as "the friendly President of a friendly University." He is the author of numerous writings, his latest book being *The American Canon*. Dr. Marsh will speak on our general sessions program at 11:00 A.M., Thursday morning, June 23, 1949, on the subject, "The American Canon."

Two Outstanding Speakers

Biographical sketch of two outstanding speakers who will appear on the program of the general sessions at our 35th Annual International Consumer Credit Conference, Boston, Mass., June 20-23, 1949.



DeLoss Walker

DELOSS WALKER is one of the outstanding speakers in the United States. He has spoken in all of the 48 states of the union, travelling over one million miles within the United States. He has given much of his time in preventing labor conflicts and tried to bring harmony in many a tense industrial labor situation. He graduated from DePauw University at Greencastle, Indiana, and got his first job through Dr. Erle J. Painter of the New York Yankees. While he was in New York he continued his athletic career begun in college and later won the National Championship in the high jump. He had to learn the Russian language in order to prepare for a job offered him in Russia, a task of physical education. Instead of that job he accepted one in China and went to the Orient. While there he spent much time in Japan and learned all he could about the islands and the people who inhabited them. He is a businessman as well as an orator. He devoted 10 years to the coal business; a salesman in New England; a superintendent of Pennsylvania soft coal mines, and finally the owner and operator of mines, eventually heading a coal sales corporation with branches throughout the East. For eight years he was Associate Editor of Liberty Magazine. During the depression years he made a survey of economic problems which caused him to become founder of the National Recovery Crusade. He has made over 4,000 addresses and many broadcasts. He has been entertained in the White House and by dignitaries of the Chinese Republic. He is equally at home in Wall Street and the smallest hamlet. Mr. Walker will speak on our general sessions program at 11:00 A.M., Tuesday morning, June 21, 1949, on the subject, "Have Economic Adjustment Now and Prevent Depression."



Registration Blank

(Boston, Mass., June 20-23, 1949)

Registration Fee \$12.50 per person.

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Make checks payable to Retail Credit Association of Boston and mail to Convention Bureau, Boston Chamber of Commerce, Room 614, 80 Federal St., Boston, Mass.

Credit Women's Breakfast Clubs of North America

ELEVENTH ANNUAL CONFERENCE

Hotel Statler, Boston, Mass., June 19-23, 1949



Mrs. Helen M. Lybold
President
Butte, Mont.



Mrs. Pat Hughes
First Vice-President
Birmingham, Ala.



Francie Rowe
Second Vice-President
Washington, D. C.

Mrs. Genevieve Cornell
Treasurer
Bakersfield, Calif.

Program

Sunday, June 19...

- 12:30 P.M.—PRE-CONFERENCE BOARD MEETING,
AND LUNCHEON, *Fourth Floor.*
7:30 P.M.—ANNUAL BUSINESS MEETING, *Geor-
gian Room.*

Monday, June 20...

- 8:30 A.M.—ANNUAL BREAKFAST, *Georgian
Room.*
7:00 P.M.—MOONLIGHT SAIL ALONG THE
HARBOR.

Tuesday, June 21...

- 9:00 A.M.—GENERAL SESSION, *Ballroom.*
2:00 P.M.—GROUP MEETINGS.
8:00 P.M.—POPS, Boston Symphony Hall.

Wednesday, June 22...

- 9:00 A.M.—GENERAL SESSION, *Ballroom.*
2:00 P.M.—GROUP MEETINGS.
6:30 P.M.—BUSINESS MEETING AND DINNER,
Salle Moderne.

Thursday, June 23...

- 9:00 A.M.—GENERAL SESSION, *Ballroom.*
2:00 P.M.—GROUP MEETINGS.
9:45 A.M.—AWARDS AND INTRODUCTION OF NEW
OFFICERS, *Ballroom.*
12:30 P.M.—POST-CONFERENCE BOARD MEETING,
Fourth Floor.
7:00 P.M.—GRAND BANQUET AND DANCE, *Ball-
room.*



Mrs. Lois Huey
Recording Secretary
Austin, Texas



Mrs. Marie Laurvick
Corr. Secretary
Butte, Mont.



Nelle Stombs
Financial Secretary
Rock Island, Ill.



Mrs. Dorothe M. Bolte
Historian
Joliet, Ill.



CREDIT FLASHES

Fred H. Koch, Sr.

Fred H. Koch, Sr., for over 40 years Credit Manager of Schuneman's, one of St. Paul's largest department stores, died April 6 after an illness of about three months. Mr. Koch, who was 72, became affiliated with Schuneman's as a boy of 16 and was associated with the firm without interruption until his death. He was regarded as an outstanding credit executive of the city. His store was an excellent example of good credit extension and collection practices in St. Paul. He was active in local and national credit affairs for many years. He was formerly a director of the National Retail Credit Association and the Credit Management Division of the National Retail Dry Goods Association. From 1932 to 1946, he was president of the Mutual Credit Exchange. When it was succeeded by the Credit Bureau of St. Paul, he became a member of the Board of Directors. He was past president of the St. Paul Retail Credit Association and was chairman of the advertising committee of the Association, on which he did his usual thorough job until illness forced him to retire.

Ida M. Boettcher

Ida M. Boettcher, died at her home in Cedar Rapids, Iowa, on March 13, 1949, after a lingering illness. Born at Independence, Iowa, she had lived in Cedar Rapids for the last 69 years. Miss Boettcher, former credit and office manager for the Armstrong Clothing Co., retired in January, 1941, after 50 years of service with that firm. Upon retirement she was honored at a banquet by the Cedar Rapids Retail Credit Association and was presented two scrolls conferring on her honorary life membership in the Retail Credit Association and Credit Women's Breakfast Club. She was a member of the Quarter Century Club of the National Retail Credit Association. She is survived by a sister and a brother of Sioux City to whom we extend our deepest sympathy.

Walter S. Hull Retires

Walter S. Hull, Collection Manager, Hecht Brothers, Baltimore, Md., has retired after 43 years of service with the store. He was twice president of the Retail Credit Association of Baltimore and was president of District 12 of the National Retail Credit Association in 1935-1936. In 1936-1937, he was a director of the National Retail Credit Association. His many friends throughout the country can write him at his home, 607 Chumleigh Road, Baltimore 12, Md.

E. A. Wright Celebrates 42nd Anniversary

Edward A. Wright recently completed 42 years of service with the Savannah Electric & Power Co., Savannah, Ga. He began his work with the company in 1907 as collector and was promoted to credit manager in 1924, the position he now holds. He is a past president of the Associated Retail Credit Managers of Savannah and has been a member of the National Retail Credit Association for 17 years. A native Savannahian, Mr. Wright has been prominent in fraternal life of the city.

Coming District Meetings

District One (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont, Quebec, Canada, and Nova Scotia, Canada) will hold its Annual Conference at the New Ocean House, Swampscott, Mass., October 3 and 4, 1949.

District Ten (Idaho, Montana, Oregon, Washington, Alaska, Alberta, Canada, British Columbia, Canada, and Saskatchewan, Canada) will hold its annual meeting at the Olympic Hotel, Seattle, Wash., May 14, 15, 16 and 17, 1949.

Walter Biehl Honored

More than 75 merchants of Ventura, California, recently honored Walter Biehl on the 25th anniversary of the Ventura Credit Bureau which he has headed since 1923. A quarter of a century ago when Biehl started the task of building up a workable credit service, the bureau had a membership of 35 merchants. The present membership is 175, although 707 merchants have belonged through the years. There are approximately 75,000 file reports, which retain their value as a benefit to other cities when residents move, and, according to Biehl, are never obsolete. Biehl is assisted at the bureau by his son, Walter Biehl, Jr., and his daughter, Mrs. Marjorie Theis.

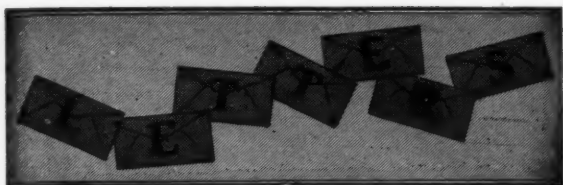
Charles H. Bren Reminisces at Credit Luncheon

Charles H. Bren, veteran official of the Credit Bureau of Salina, Kansas, reviewed the history of the bureau at a Credit Luncheon Group meeting in Salina recently. The bureau was established in 1919, but as early as 1900 the Salina Merchants Association had served as a clearinghouse for the rebate system, a sort of pioneer credit bureau. Since that time, when bureau activities were concerned strictly with retail merchants, it has grown to include practically every branch of business and the professions. The organization started with about 15 members, and now has over 200. Mr. Bren, who was head of the bureau for 28 years, has also been active in the Chamber of Commerce, and at present operates a travel agency in Salina.

Positions Wanted

CREDIT MANAGER. Age 54. Now available. 12 years' nationwide traveling experience as credit supervisor in training of credit clerks and collectors for large mail order house. Will consider further travel, or relocate. Box 592, The CREDIT WORLD.

CREDIT MANAGER, ACCOUNTANT. Ten years with present firm in full charge of credits, collections and office management for seven retail stores. Authority on instalment sales and collections. Experienced retail store accountant, office management and systems. Interested in top credit job or assistant controller. Box 591, The CREDIT WORLD.



"I have received the Certificate of Esteem which you sent me some time ago and I want you to know that I value it very highly. It was indeed a thoughtful courtesy you have extended to the past presidents of the N.R.C.A. It brings back the pleasant memories of my association in the National work and the many good friends I have acquired in the field of retail credit work. I read with great interest of the steady improvement in the National service and the upbuilding of the membership."—W. T. Snider, Hillsboro, Mo., President, N.R.C.A., 1923-1924.



"The Certificate of Esteem reached me and, of course, is very much appreciated."—LeRoy T. Pease, Ovington's, New York, N. Y., President, N.R.C.A., 1924-1925.



"Thank you very much for the Certificate of Esteem which I received recently. It is a nice thing to have and I certainly appreciate it."—Ralph W. Watson, Ralph W. Watson & Co., Spokane, Wash., President, N.R.C.A., 1925-1926.



"It was good to hear from you and to receive the Certificate of Esteem. I think the thought inherent in this Certificate will be most pleasing to all past presidents. You may rest assured that the Certificate has a place of honor on my office wall."—Leopold L. Meyer, Meyer Bros. Inc., Houston, Texas, President, N.R.C.A., 1927-1928.



"I acknowledge with grateful appreciation the Certificate of Esteem recently sent to me by the national association. It brings back many pleasant memories of my years of association with the fine men and women comprising the membership of a wonderful service organization."—James R. Hewitt, 1225 Fidelity Bldg., Baltimore, Md., President, N.R.C.A., 1928-1929.



"The beautiful framed Certificate of Esteem arrived safely and I am delighted with it. Whoever is responsible for the idea is entitled to the lasting gratitude and appreciation of all past presidents. I want you to know that I am deeply grateful for this recent expression of appreciation for services rendered during the formative and difficult years of the Association."—Frank Batty, 55 Moraga Highway, Orinda, Calif., President, N.R.C.A., 1931-1932.



"Thank you for the Certificate of Esteem which I prize highly. It has always been a pleasure to have been associated with the credit fraternity and especially the national office with whom I have been so close for many years."—E. K. Barnes, First National Bank, Spokane, Wash., President, N.R.C.A., 1936-1937.



"Thank you for the Certificate of Esteem which I received recently. It was indeed an agreeable surprise and I want you to know that I consider this a very nice gesture for which you have my sincere appreciation."—J. Gordon Ross, Rochester Gas and Electric Corp., Rochester, N. Y., President, N.R.C.A., 1937-1938.



"Again let me express my sincere appreciation for the Certificate of Esteem that you presented to me at our weekly credit meeting. As you well realize this Certificate will have a prominent place in my office. Indelibly impressed in my memory is the year it was my privilege to serve our Association as its President. My sincere wish for the National Association is one of continued growth and the service it can give to the credit granting fraternity of our country."—D. D. Bolen, Famous-Barr, St. Louis, Mo., President, N.R.C.A., 1941-1942.



"Thank you for the Certificate of Esteem which I received today. Recognition as manifested by this certificate is most highly treasured as another signal

Amendment 4 to Regulation W

REGULATION W is hereby amended in the following respects, effective April 27, 1949:

1. By changing "\$50.00" in Part 1 of the Supplement to read "\$100.00."
2. By changing "15 per cent" and "85 per cent" in Part 1, Group B of the Supplement to read, respectively, "10 per cent" and "90 per cent."
3. By changing Part 2 of the Supplement to read as follows:

Part 2. Maturities.—The maximum maturity for all listed articles and for unclassified instalment loans is 24 months.

4. By changing the figure "24" to "27" in Part 3 in the Supplement.

In commenting on the Board of Governors action, the Chairman, Thomas B. McCabe said:

"This further step in liberalization of the regulation of Consumer Instalment Credit is in conformity with the Board's policy of using flexibility credit and monetary authority entrusted to the Reserve System. It is in accordance with the system's broad purpose of contributing to the national objective of stable economic progress.

"Most of the commodities subject to the regulation are now in supply at prices more favorable to the consumer than prevailed last year. Although the regulation is of limited scope, as it affects only a relatively small segment of the credit structure, nevertheless it has made a worthwhile contribution to the maintenance of sound credit conditions and helped to prevent the consuming public from contracting an excessive amount of instalment debt during the period of inflation.

"In relaxing the regulation at this time the Board had in mind not only current credit developments and current trends in employment and business but also the relation of the total volume of instalment credit to national income. Any increase in that credit to which relaxation of the regulation might contribute would not under present circumstances be a significant element in reviving inflationary pressures."

honor bestowed by an appreciative organization. That the Association continue to grow and be of service to the retail credit granters of North America is my most fervent hope."—Jos. A. White, Harris Stores Co., Pittsburgh, Pa., President, N.R.C.A., 1943-1944.



"I was deeply touched this morning when my mail came to find the beautiful Certificate of Esteem which you had so graciously prepared and forwarded to me."—Jos. H. Riggs, The Florida National Bank, Jacksonville, Fla., President, N.R.C.A., 1944-1945.



"I will treasure your beautiful letter of February 10 as I will the Certificate of Esteem you brought to my office several days ago. Such thoughtfulness on your part, I am sure, is appreciated by all of the past presidents who have been privileged to work with you in the interest of the National Retail Credit Association."—E. E. Paddon, Lammert Furniture Co., St. Louis, Mo., President, N.R.C.A., 1945-1946.



"Thank you sincerely for the Certificate of Esteem which I received a few days ago. This is a very thoughtful gesture on the part of the National Office and I am sure it will be sincerely appreciated by all past presidents. I am sure you know that my interests and good wishes are and always will be in the National Retail Credit Association. May it ever be alert and equal to the requirements of its members and may it grow stronger as the years go by."—H. L. Bunker, H. C. Capwell Co., Oakland, Calif., President, N.R.C.A., 1946-1947.

LOCAL ASSOCIATION *Activities*



Mount Vernon, Washington

The third Annual Meeting of the Retail Credit Association of Skagit County, Mount Vernon, Washington, was held on February 15, with 50 members in attendance. Guest speaker of the evening was E. DeWitt of Seattle, President of the Associated Credit Bureaus of America. Other out-of-town guests included Walter A. Jensen, Portland, Oregon, Executive Secretary, Northwest Credit Council; Tom Downie, Retail Credit Grantors' Bureau, Ltd., Vancouver, B. C.; Harold A. Bell and Herb Barnes, Vancouver, B. C., District 10 Directors. Officers and directors elected at the meeting were: President, Jim Hiester, Warner's Department Store; Vice-President, Mildred Barnett, Jack Cox Motor Co., and Secretary-Treasurer, A. G. Wilson, Skagit County Credit Bureau. Directors: Howard Wilder, Columbia Valley Lumber Co.; Jack Finney, Sears, Roebuck and Co.; Grace Adams, Howson's Home Furnishings; W. E. McFadden, Skagit Oil Company, and Ace Garlinghouse, Washington Co-Op Farmers.

District Two at New York

At the annual meeting of District Two held in New York, February 27, 28, and March 1, 1949, the following officers and directors were elected for the coming year: President, Hugh M. Martin, The Addis Co., Syracuse, N. Y.; and Vice President, William Colburn, Savard and Colburn, Albany, N. Y. Directors: Phillip Gleason, Abercrombie and Fitch, New York, N. Y.; Catherine Connor, Holzheimer and Shawn Co., Amsterdam, N. Y.; Gladys Moorby, Breese's Department Store, Oneonta, N. Y.; Francis Dockendorf, McManus and Riley, Albany, N. Y.; Harry Glogoff, Golbergs, Trenton, N. J.; and Fred Deising, The Wallace Co., Poughkeepsie, N. Y. The Secretary-Treasurer will be elected at a later date. The new National Director is Jos. M. Martin, Hurley Tobin Co., Trenton, N. J., and the Alternate National Director, Elsie Taylor, Williams Tire and Rubber Co., Troy, N. Y.

District Thirteen at Cincinnati

At the annual meeting of District 13 held in Cincinnati, Ohio, recently, the following officers and directors were elected for 1949-1950: President, R. LeRoy Smith, Leath & Co., Anderson, Ind.; Vice President, John Schneeberger, Borden Co., Chicago, Ill., and Secretary-

Treasurer, Harriet Jewell, Robertson's, South Bend, Ind. Directors: Nelle Stombs, Eddie Gippert Garage, Rock Island, Ill.; Mrs. Dorothe M. Bolte, Lyons Bros. Lumber and Fuel Co., Joliet, Ill.; Karl Prosser, Boston Store, Milwaukee, Wis.; Alex Hunter, Rudolph Wurlitzer Co., Chicago, Ill.; Lewis B. Skinner, Roberts Dairy, Indianapolis, Ind.; A. T. Sutherland, Madison General Hospital, Madison, Wis.; and W. A. Schenk, Ideal Pure Milk Co., Evansville, Ind.

New York, New York

At the annual meeting of the Associated Retail Credit men of New York City, the following officers and directors were elected: President, Philip Gleason, Abercrombie & Fitch Co., and Vice President, Albert S. Kleckner, The Namm store. Directors: George Neff, Saks Fifth Avenue; George Miller, Arnold Constable & Co.; L. Cretney Bunnell, Peck and Peck; John M. Hilgert, Lord & Taylor; Walter E. Babb, Stern Brothers; George S. Watkins, Martin's of Brooklyn; Harry C. Squires, Bloomingdale's; Sidney L. Williams, James McCutcheon & Co.; Arthur J. Kramer, Borden's Farm Products Co.; James M. Malloy, Abraham & Straus; Howard B. Jackson, Industrial Bank of Commerce; Fred W. Dornhoefer, Franklin Simon & Co.; and Charles F. Naumann, Frederick Loeser & Co. The Secretary and Treasurer are elected at the first meeting of the new Board of Directors.

Retail Credit Association of Triple Cities

Donald Thomas was recently named Secretary of the Retail Credit Association of Triple Cities (Binghamton, Johnson City and Endicott, New York). This is a new local unit of the National Retail Credit Association. Mr. Thomas, who came to Binghamton from Washington, D. C., had been manager of the collection department of the Credit Bureau of the Triple Cities since May, 1948, and is now the Manager. He had also had 20 years' experience in collection and credit work in New York City, Baltimore and Washington. Other officers and directors elected were: President, Clark M. Curchin, First National Bank of Binghamton; First Vice President, Marlowe S. Perkins, Sears Roebuck & Co.; Second Vice President, Henrietta Space, Resnick's of Binghamton; Treasurer, Alton P. Lewis, Endicott Trust Co.; and Recording Secretary, Anne Dillon, Compton & Dunn. Directors: J. S. Dacey, Ellis Bros. & Joseph; John Booth, Hills, McLean & Haskins; E. E. Rogers, Fowler, Dick & Walker; Edward Ostrosky, Industrial Bank of Binghamton; Charles Whalen, W. T. Grant Co.; Ruth Buckley, Olum's of Binghamton; John Gugelman, Cloverdale Farms; Margaret Farrell, Montgomery Ward Co.; and Chester Kulp, Friendly Finance Corp.

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How, when and where to send registered letters.
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Analyzing returned registered letters.
How to find the job.
Tracing the guarantor.
Tracing the guarantor's job.
A concrete case.

**HOW TO
LOCATE SKIPS
AND COLLECT**

by

A. M. TANNRATH

An Authority on Credits, Collections
and Skip Tracing

Collecting Old Accounts
Installment Credits
Current Collections
Merchandise in Storage
Bad Check Law
Conditional Sales Law
Bankruptcy Law
Supplementary Proceedings
Intra and Inter-State
Commerce Laws
Canon of Commercial Ethics
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For All States
How to Forward Claims
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as to the Merit and Value of this Book.**

**YOU CANNOT AFFORD TO BE WITHOUT IT... ONE NEW IDEA MAY MAKE OR SAVE
YOU THE PRICE MANY TIMES OVER.**

"Kindly enter our order for four additional copies of your book,
'How To Locate Skips and Collect'."

—Modern Atlas Corporation, Detroit, Michigan.

"Each chapter is a course in itself, however, I have particularly applied
your methods as outlined in Chapter Four, and the results I have already
in tracing some of my 'closed file' skips has been overwhelming and
profitable, not only from the standpoint of a completely closed case, but
from the letters and comments from my clients in bringing their accounts to
a satisfactory close, after having written them in some cases that I was
unable to, as all my efforts were to no avail. Like the old adage, 'Manna
from Heaven'."

—G. Nelson, Nevada Recovery Bureau, Las Vegas, Nevada.

"I have completed two training courses in collections, but am sure the
author of this book is to be highly commended."

—Tague Mercantile Agency, Southern Pines, N. C.

"As special a book as I've seen this year, aimed at one particular
audience and fitting that audience like a glove, is 'How To Locate Skips
and Collect', by A. M. Tannrath. It's put out at \$5, and well worth the
price, I'm sure, to those who need it."

—Joseph Henry Jackson, San Francisco Chronicle

"I have just finished reading your recent edition on 'How To Locate
Skips and Collect' and I want to congratulate you on the excellent general
form of the book and its thoroughness. Certainly the various methods and
suggestions outlined in the book based on your vast experience offers a
wealth of information."

"Your book certainly would be a distinct addition to the library of
any bank, particularly those banks operating a small loan department,
and it seems to me that finance companies will also find the book an
excellent investment."

—Percival W. Trudeau, Vice-Pres., Chicago National Bank, Chicago, Ill.

"We are placing our order for fourteen copies of the above books
to be mailed to our various offices as shown on the attached sheet."

—R. D. George, Securities Credit Corp., Denver, Colorado

"Of course, while acting as secretary and credit manager of this com-
pany, I have read many books on the subject of credits and collections but
still I have always felt the need of some specialized information that would
aid me in locating the debtor that runs out and leaves no address. Your
book thoroughly serves that purpose and is the only book to my knowledge
that does."

—C. H. Landis, J. D. Wallace & Co., Chicago, Illinois.

"Please send us (5) copies of 'How To Locate Skips and Collect.'
Below you will find the five Getz Jewelry addresses. Please send a
book to each individual store."

—Miss J. Ball, The Getz Jewelry Co., Cincinnati, Ohio

"Many of my business associates are keenly interested in your book
and some have arranged to submit orders for issues."

—J. C. Ruda, Security-First National Bank, Los Angeles, Calif.

"We recently purchased your book on 'Skips' and are very happy that
we have it. You have some splendid ideas which we shall be pleased to
put into practice."

"Thanks again for your great service to this office."

—W. S. Koontz, Blue Ridge Finance Co., Indianapolis, Ind.

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City.....Zone No.....State.....
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CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD

"Words can be tools sharp as knives, sensitive as antennae."—*Working with Words*, by Lorine Pruette, Funk & Wagnalls, New York.

No quotation could provide a more fitting theme for this month's commentary. Throughout the past three years this department has stressed the necessity of sound word choice in making our letters tactful and friendly. This month our allotted space is devoted entirely to the importance of *choosing the right words* when we write to customers.

1. *Use constructive words*; avoid words that carry negative or unpleasant suggestions.

A single word that irritates the reader can make a letter far more of a liability than an asset. And in many cases the offending word could have been avoided without even changing the construction of a sentence—merely by substituting a synonym with a more desirable connotation. Carol Hovious clearly illustrates this point in an article entitled "Danger! Words at Work," from which the following excerpt is quoted by permission of *Scholastic Magazines*:

A salesgirl asks a customer if she wants a *cheap* dress—and out flounces the customer in a rage. Had the girl suggested an *inexpensive* dress, all would have been well. *Cheap* and *inexpensive* really mean the same thing, but one word makes enemies and the other friends.

Call a man a *coward* and he's ready to fight; say that he's *cautious*, and he'll agree. Tell him that he's *stingy* and you've made an enemy for life; say that he's *economical* and he'll like it. Call a woman *extravagant* and she'll be furious; say that she's *generous* and she'll think you are a very discerning person.

Some words are just naturally fighting words; they rub people the wrong way.

Whatever its purpose, a good letter emphasizes agreement instead of disagreement, conciliation instead of conflict. A convincing letter never tries to win an argument; instead, it emphasizes points that eliminate the cause of argument. Watch out for the following expressions; keep them out of your letters:

you have <i>failed</i>	your <i>displeasure</i>
if you are <i>dissatisfied</i>	we are in <i>disagreement</i>
we feel it is <i>unfair</i>	your <i>demand</i>
it is our <i>contention</i>	we must <i>insist</i>
if you have a <i>grievance</i>	your <i>complaint</i>
we must <i>refuse</i>	we are <i>unable</i>

Further illustrations of negative word choice are shown on the next page, and each example is accompanied by a

revision that takes the "sting" out of it by means of constructive emphasis.

Keeping the good will of a customer does not always depend upon *what* your letter says. Often the determining factor is *how* you say it.

2. *Make every word say something*; avoid waste.

Reliable surveys indicate that at least 30 per cent of the average business letter consists of excess words. To put it more concretely, at least three words out of every ten used in the message are meaningless and useless.

Sometimes word wasting is due to sheer carelessness. Sometimes it results from the inability to think clearly. In either case it robs a letter of its force and clearness by obscuring points that should be sharply emphasized.

The efficient practice of *word economy* saves any letter writer thousands of words in the course of a year. It also saves time and effort for the persons who read his letters.

Here are some wordy expressions taken from recent credit department letters. They represent a total of 60 words:

Here are the same ideas clearly expressed in concise language. Instead of 60 words, the total of this column is 15 words:

at the present time	now
in the very near future	soon
in the event that	if
due to the fact that	because
I wish to take this occasion to express my thanks	thank you
it is to be hoped	we (or I) hope
it is quite probable	probably
whether or not	whether
it may be that	perhaps
as a result of this situation	consequently
at a somewhat later date	later
I am of the opinion	I believe

In addition to a word saving of 75 per cent, the revisions economize the reader's time and make clear understanding certain at a glance. Further examples of word wasting and word economy are shown on the next page.

In the June CREDIT WORLD Mr. Butterfield will discuss and illustrate the importance of using simple, understandable language in business correspondence.—Ed.

Choice of Words

Negative

We regret that this dispute had to arise, and we hope it can be settled in such a manner that no one will be dissatisfied.

We are sorry to learn that you have a complaint which you think calls for an adjustment.

Since you think this charge is unfair we shall cancel it today without argument, for we do not want you to be displeased with our service.

Constructive

We know you share our desire to straighten out this misunderstanding to the satisfaction of all concerned.

Thank you for writing us about the situation explained in your letter of March 28.

The charge of \$4.55 has been cancelled, since we want you to feel that every item on your statement represents value received.

Number of Words

Word Wasting

We hope you will feel free to make use of our Personal Shopper service on any occasion on which it will be helpful to you.
(25 words)

It is a matter of very real concern to me that so many months have passed since we last had the pleasure of serving you here.
(26 words)

The sole purpose of this little note is to thank you most sincerely for your past patronage.
(17 words)

Word Economy

Please use our Personal Shopper service whenever it can be helpful. (11 words)

I am genuinely concerned over your long absence from the store.
(11 words)

Thank you sincerely for your patronage. (6 words)

Items of Interest From the Nation's Capital

HAROLD L. SCHILZ, Counsel
National Retail Credit Association
Washington, D. C.



Legal Aspects of Retail Credit

(Continued from the April CREDIT WORLD)

Some years ago a suit was filed in Circuit Court at Birmingham, Alabama, against a Birmingham jewelry and furniture store because a man claimed he had suffered "the loss of his wife's services and society" because of the receipt by her of a commercial card reading as follows "Please telephone me at 7-2523 (B'ham, Ala.)—Personal—Private—Important—(signed) Frances." The card, he said, was addressed to him but had been intercepted by her. She called the number and was answered by "some woman" who denied her any information other than that her husband "was fully informed of the matter referred to on the card." The plaintiff charged that the card was actually sent him by a collection agent for the store, and that "his character was blackened" by it and it had left his wife with the impression that he was "party to a dishonorable clandestine affair." He sued for \$5,000.00. It is understood that later when the matter was tried, the Court commented "Don't put too much sex appeal into trying to collect a bill."

Of course the suit was brought under the libel and slander laws of the State which generally prohibit the malicious communication of slanderous and scandalous statements. To these libel and slander laws there are always exceptions or defenses. The one substantive defense is that the words spoken or written are the truth. That was established in the common-law times when our states were but Colonies of the British Crown, in the John Peter Zenger case. Zenger, a newspaperman, had reported election and other irregularities perpetrated in New York by henchmen of Royal Governor William Cosby, who had Zenger clapped into jail and his paper destroyed by the "public whipper." The prosecutor contended at the trial that all that need be proved was the printing of the statement in the paper. Zenger's great Pennsylvania lawyer, Andrew Hamilton, denied the right to present his evidence to the jury, in defiance of the Court, pointed out that the indictment charged certain false *libels*, that he was prepared to prove the statements true, that the Court's denial of his offered proof exposed freemen to slavery and that the contention of the prosecution that the truth is a libel put "a Sword in the Hands of a wicked King and an arrant Coward, to cut down and destroy the innocent." After 10 minutes' deliberation, the jury returned a verdict of "Not Guilty." The principle they established as to freedom of right and speech was later carried forward into Article I of the Constitution's Bill of Rights. It has been said that statements in

judicial proceedings and records are absolutely privileged against charges of libel and slander, and that attorneys and their clients, physicians and their patients, mercantile agencies and their members, have certain qualified exemptions from them and that is their statements then become privileged communications. A communication between husband and wife is generally privileged.

Generally speaking, it is said that a Privileged Communication is one made on a proper occasion, from proper motives, in a proper manner, with reasonable or probable cause.

Words and Phrases

To understand the proper application of these to credit bureau work, and collection operations, I want to point out the situations and types of communications that have or have not been held privileged as to mercantile agencies: In 1882 a case arose in Maryland entitled *Trussell v. Scarlett, trading as R. G. Dun & Co.* 18 F. 214, 216. The plaintiff was in the wholesale and retail business at Charles Town, W. Va. The alleged libel was a credit report stating that the plaintiff had made an assignment for the benefit of his creditors; meaning that he had completely failed in his business. The plaintiff sued for \$10,000.00 damages. The Federal court, relying on previous English decisions, said:

"If a merchant, having an interest in knowing the financial standing of another merchant, whom he proposes to deal with, goes to another and asks him with regard to that person's standing, and he honestly answers him what he knows about the person inquired of, even if it should turn out to be false, it is a privileged communication, and an action cannot be founded upon it, even though the words themselves are libelous."

As you will see, in the light of later cases, the Court went a little too far in saying gratuitously "even though the words be false." Some of the later decisions call that unnecessary negligence.

In a Missouri case, it was held that the statement of a surety of a contractor (that is, the bonding company for the contractor) to the contractor's creditors, indicating that the contractor was in financial distress, was held a "privileged communication," since the bonding company had a right to act in furtherance of and to protect its bond, and the creditors had the right to receive such communication. *So. Surety Co. v. Davis*, 296 S. W. 616. In *Moore v. Mfgs. Natl. Bank of Troy*, 4. N.Y.S. the Court said, "thus a written communication between

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private persons concerning their own affairs is *prima facie* privileged."

Again, the Pennsylvania courts said, in *Muldering v. Wilkes-Barre Times*, 64 A 636, 637, 215 Pa. 470 that "a communication by a mercantile agency in respect to the character and financial standing of a trader is privileged, when made to those of its patrons who have a special interest in the information communicated; BUT NOTE THIS: but the general publication by a mercantile agency of a notification sent to its subscribers generally, in respect to the plaintiff's standing, is not. *King v. Patterson*, 9 A. 705 *Muldering v. Wilkes-Barre Times*, supra.

As showing how careful you should be in the preparation of a credit report, let us examine the case of *J. Hartman & Co. v. Hyman*, 134 A. 486, 488, 287 Pa. 78. In that case the defendants, Charles Hyman and Hyman & Lieberman, were members of the Philadelphia Produce Credit and Collection Bureau, among other wholesale produce dealers. These defendants had among their customers J. Hartman & Co., doing business at Reading Terminal, and also J. Hartman doing business at Trenton, New Jersey. According to the complaint, a false report was rendered by the credit bureau against the plaintiff to the effect that J. Hartman & Co. was indebted to the defendants Hyman and Hyman & Lieberman in the amount of \$216.25. It seems that on Wednesday, July 25, 1923, the defendants telephoned to the bureau and later in the day sent it a notice that "J. Hartman—Terminal Market, was delinquent in the amount of \$216.25," although in fact the plaintiff was not indebted to the defendants. When the president of the plaintiff company attempted to purchase the next day from each member of the produce bureau, he was informed that his name was on the "black list" and he could not purchase any goods on credit. Not being prepared at that moment to pay cash, he said, he could not obtain any produce that morning. He started this action for slander on trade, and in the lower courts got a judgment for \$500 and costs. In the upper court that was affirmed, the court saying it approved the purposes for which the credit bureau was formed, it approved its very stringent rules and regulations, but it said that the negligent handling of this inquiry injured the credit standing of an innocent firm and was inexcusable and could not be defended under the claim of "privileged communication."

Case on Privileged Communications

Finally, on the subject of privileged communications, you may be interested in a case decided by the Court of Appeals of the District of Columbia on April 14, 1947, known as *Edward C. Edwards v. James Stewart & Co., Inc., et al.*, 75 Washington Law Reporter 593, where the plaintiff sued a group of engineers who had been constructing the Naval Air Station at Trinidad, British West Indies. Plaintiff had only worked for them as an accountant for about two months when due to adverse working conditions he submitted his resignation. He gave the company as a reference upon a subsequent unsuccessful attempt to secure employment, and they sent a letter saying that he "was released from our employ at his own request and without prejudice, his services in Trinidad were not satisfactory." Plaintiff sued for a civil con-

spiracy to injure him in allegedly attempting to prevent him from obtaining employment. The Court here said the use of the expression "without prejudice" meant nothing more than "you are not fired" and "By its use appellees were careful not to compromise their position into a final decision on the merits of the character of (plaintiff's) services. And when it was necessary for them to reply to an inquiry made by a prospective employer with respect to the past services of appellant, it was their moral duty to express whatever opinion they had." Furthermore, the Court thought that since they were banded together in a single business association operating in a bona fide manner under a common firm name, there was considerable doubt as to whether the defendants could have conspired.

Every day situations arise where a divorce judgment is entered as between a husband and a wife, or where they enter into separation agreements, which materially affect their rights and relationships both as between them and with respect to the public generally. Now a decree of divorce is a matter of public record and alert reporting of court records will disclose what maintenance provisions are made under it which are a charge against the husband, but it does not as a rule provide for payment of bills that are continuing or may have been incurred. These may be considerable. So I assume that your firms and agencies instruct you as to proper inquiries to be made of neighbors and friends and store accounts and references in checking on the affairs of couples who may or may not be having domestic trouble. Certainly the indication of such trouble should lead to careful inquiry.

In the November, 1948 issue of *THE CREDIT WORLD*, George F. Quinn, Legal counsel for the Credit Bureau of Cleveland, Ohio, had an article on "Legal Principles Applicable to Retail Credit." It was well-written and while his cases were confined mainly to Ohio situations, he stated some principles in very succinct fashion. He said among other things that a married woman applicant for credit is in effect seeking a favor from the credit granter, i.e., the store. She wants the privilege of buying its merchandise on credit and is therefore, generally speaking, willing to give you almost any information you may ask. He continues, "It is well to avail yourself of this opportunity and get all the essential and pertinent information possible, for the day may come, if she defaults in her payments, that you will use this information in collecting the accounts."

Of course a separation agreement, while usually a private contract and not recorded, generally provides for the disposition of debts as between the parties. Sometimes one or the other party puts a notice in the papers as to their refusing to accept the debts of the other from that day forth. A final decree of divorce, as Mr. Quinn points out, usually sets an alimony figure and if the husband pays the sum set by the court, he cannot from that day forth be held liable for obligations contracted by the wife. A divorce action then, is legal notice to all credit granters to watch the account closely because the husband's liabilities are qualified and restricted from that time on, i.e., he may, or may not, be liable for necessities supplied the wife, such as drugs, medicines, or medical attention. A store who extends credit to her on the strength of his account after that time does so at its peril.

★★★

Collection Scoreboard

Compiled by the Research Division

March, 1949

March, 1948

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1949			1948			1949			1948			1949			1948			1949			1948		
	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO	AV	HI	LO
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	51.1	54.3	46.2	49.1	53.2	46.9	24.1	34.0	18.9	26.5	35.0	20.8	49.0	51.5	45.1	48.2	53.0	47.5	45.6	48.2	43.0	49.2	52.0	46.4
Birmingham, Ala.	53.0	60.8	42.5	51.5	63.7	41.0	25.3	28.0	22.0	28.5	29.9	27.0	45.7	52.4	38.9	49.8	51.4	48.0	53.9	57.7	49.0	56.7	57.4	56.0
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	58.8	60.0	57.2	62.9	63.5	62.4	23.0	26.0	20.1	26.9	28.0	25.8	—	92.0	—	—	90.6	—	73.4	74.9	71.9	76.0	79.7	70.3
Cincinnati, Ohio	58.4	64.6	47.4	57.5	64.0	53.2	19.3	27.5	12.8	19.6	28.3	13.8	64.3	66.7	62.0	57.3	60.2	54.2	63.2	64.6	61.9	58.2	61.9	54.6
Cleveland, Ohio	53.0	57.6	45.7	49.6	54.1	45.8	28.1	30.6	23.4	28.9	30.0	21.7	—	45.2	—	—	49.6	—	68.3	90.0	48.5	72.2	92.2	52.3
Columbus, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	53.8	57.7	49.0	53.4	56.4	48.3	23.4	31.6	22.3	26.2	28.5	22.0	53.9	54.2	53.5	54.3	55.3	53.3	—	—	—	—	—	—
Des Moines, Ia.	—	—	—	—	61.9	—	—	53.1	—	—	57.6	—	64.1	69.5	56.3	63.3	70.8	55.6	55.9	65.1	46.7	61.9	70.6	53.3
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	62.1	65.3	59.8	63.1	68.2	60.3	29.4	34.5	17.0	21.3	24.8	19.5	60.2	66.6	53.6	65.8	70.0	47.8	60.2	66.6	53.6	65.8	70.0	47.8
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	—	—	—	56.3	68.3	52.0	—	—	—	23.4	23.8	19.0	—	—	—	53.6	61.1	50.6	—	—	—	59.3	65.8	62.5
Louisville, Ky.	51.1	51.6	50.5	47.5	51.2	42.9	22.3	22.7	22.0	23.1	26.6	19.5	51.1	56.3	48.1	49.1	46.1	55.2	57.5	67.4	50.3	57.7	66.5	52.6
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	58.7	63.5	52.3	58.7	70.5	52.5	25.3	26.4	23.7	25.7	26.6	25.5	61.9	62.9	57.1	61.8	61.9	61.3	61.0	67.2	55.0	58.2	75.0	54.0
Minneapolis, Minn.	63.9	69.5	60.1	65.6	68.7	62.5	29.0	31.0	25.5	33.1	37.9	29.3	63.1	66.0	60.2	61.8	62.9	60.6	59.4	74.4	51.3	67.4	84.0	61.8
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	53.0	62.5	45.7	51.3	62.1	38.8	22.9	28.0	19.8	23.3	31.0	19.0	46.7	47.8	45.6	48.2	49.1	47.3	—	62.1	—	51.8	57.5	46.0
Oakland, Calif.	62.3	67.3	52.4	58.5	65.5	54.9	23.7	29.4	22.6	26.2	33.5	23.6	56.0	65.5	45.1	52.2	59.3	47.2	54.1	67.9	41.6	58.7	64.4	42.8
Omaha, Neb.	63.8	65.5	62.0	64.6	71.2	58.1	—	22.2	—	—	33.7	—	49.5	51.6	47.3	—	43.3	—	58.6	64.2	53.0	—	60.7	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	52.8	63.6	51.0	52.1	60.0	47.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	53.2	56.3	50.9	55.8	56.3	54.0	24.6	27.3	21.8	28.7	33.0	24.4	57.2	60.4	50.9	56.1	58.6	51.9	57.8	60.5	54.6	57.9	58.7	56.0
Salt Lake City, Utah	68.9	73.5	64.3	67.4	77.7	59.9	29.8	34.2	25.1	28.9	31.1	26.4	—	—	—	—	—	—	58.3	59.6	57.1	55.5	61.8	49.2
San Francisco, Calif.	54.4	68.5	49.9	56.4	65.8	48.1	29.4	33.6	27.1	31.8	39.6	28.3	46.3	50.1	42.6	44.7	51.6	41.3	54.1	59.9	50.5	54.8	60.3	52.1
Santa Barbara, Calif.	67.2	70.4	64.0	69.6	81.2	65.0	—	—	—	—	—	—	60.1	64.9	53.0	60.4	64.2	57.0	67.8	72.1	62.0	72.5	76.0	66.9
Sioux City, Ia.	57.1	62.2	53.0	65.8	66.4	65.3	22.7	24.5	21.0	30.8	33.9	27.7	60.5	67.0	54.0	—	—	—	68.0	71.6	64.4	—	—	—
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	66.1	74.4	61.8	64.5	71.4	57.5	24.7	25.6	23.7	26.3	27.9	24.7	—	78.1	—	—	74.4	—	—	58.0	—	—	66.3	—
Toledo, Ohio	57.4	57.6	48.3	52.3	54.1	47.2	20.0	23.8	17.3	21.0	24.0	14.8	51.7	68.9	54.3	51.7	60.1	51.4	45.7	50.4	41.1	46.7	49.5	43.9
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	49.9	55.1	45.2	48.1	56.8	40.6	21.3	24.0	18.0	22.4	25.8	17.5	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	—	—	—	56.1	59.4	52.8	—	—	—	34.3	40.9	27.8	—	—	—	52.2	56.8	48.7	—	—	—	—	48.7	—
Youngstown, Ohio	—	50.2	—	—	50.5	—	—	24.7	—	—	25.9	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	52.2	56.7	41.9	46.5	53.9	32.5	19.9	28.5	17.1	19.9	42.3	16.2	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	65.0	70.0	60.1	—	—	—	—	25.4	26.4	24.4	—	—	—	—	—	—	—	—	—	—	—

INSTALLMENT ACCOUNTS outstanding at department stores registered a small decline in February, when some decline is customary, but continued substantially above the year-ago level. Although collections on instalment accounts dropped 8 per cent during the month, they again amounted to 22 per cent of accounts outstanding on the first of the month. Instalment accounts continued to be liquidated in approximately eight months. Charge accounts receivable declined somewhat more sharply than in the corresponding month last year, but the balances at the end of the month were slightly larger than a year earlier. Collections on charge accounts were down substantially in February, re-

sulting in a collection ratio of 50 per cent as compared with 52 per cent a month ago. At the prevailing rate of repayment, charge accounts would be outstanding about 60 days. Cash sales showed about the same rate of decrease in February as in the preceding year, but the decline in charge accounts was somewhat larger than in the same month last year. Instalment transactions were down slightly in February, contrary to the movement of this type of sale in recent years. Both cash and instalment sales showed small decreases from the year-ago volume. Charge-account sales were unchanged from the February 1948 level.—Federal Reserve Board.

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Monthly CREDIT STATISTICS



CONSUMER CREDIT outstanding at the end of February is estimated at 14,931 million dollars, representing a decline of 409 million or about 3 per cent during the month. About two-thirds of the change was attributable to a substantial reduction in charge-account indebtedness, which customarily decreases in February. All other types of credit except automobile instalment sale credit were below the January 31 balances outstanding, but were above year ago levels. Instalment credit outstanding at the end of February was 72 million dollars less than a month earlier but 1,649 million larger than on the corresponding date of 1948. Automobile sale credit originating at dealers continued to increase at a moderate rate, but this gain was more than offset by reductions in other instalment sale credit. A decline of 23 million dollars in instalment loan balances during February reduced the total to 4,029 million by the end of the month. This form of indebtedness is approximately a sixth greater than on the corresponding date last year. Charge accounts receivable declined 8 per cent in February, a somewhat faster rate than has been usual in recent years.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPARTMENT STORES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	
1944					
December	36	23	39	49	61
1945					
December	36	24	48	46	61
1946					
December	35	26	47	44	54
1947					
January	29	23	47	26	52
June	28	23	46	24	54
December	29	20	39	31	54
1948					
January	24	18	36	19	53
June	24	20	33	20	52
December	25	17	29	24	53
1949					
January	22	16	29	17	52
February	22	15	28	17	50

¹Ratio of collections during month to accounts receivable at beginning of month.

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1944									
June-----	5,160	1,814	706	192	514	1,108	1,260	1,370	716
1945									
June-----	5,051	1,950	719	188	531	1,231	1,411	1,544	746
1946									
June-----	7,859	2,850	1,035	336	699	1,815	1,852	2,327	830
1947									
January-----	9,977	3,999	1,566	581	985	2,433	2,339	2,764	875
June-----	11,224	4,909	2,036	890	1,156	2,873	2,512	2,887	916
December-----	13,426	6,187	2,839	1,151	1,688	3,348	2,707	3,012	920
1948									
January-----	13,127	6,221	2,917	1,202	1,715	3,404	2,742	3,240	924
June-----	14,321	7,185	3,372	1,602	1,770	3,913	2,839	3,352	945
December-----	15,893	8,174	4,102	1,961	2,141	4,072	2,902	3,854	963
1949									
January-----	15,340	8,020	3,968	1,965	2,003	4,052	2,900	3,457	963
February-----	14,931	7,948	3,919	2,000	1,919	4,029	2,853	3,176	954

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

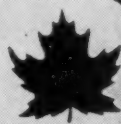
END OF MONTH OR YEAR	TOTAL EXCLUDING AUTO-MOTIVE	DEPARTMENT STORES AND MAIL-ORDER HOUSES	FURNITURE STORES	HOUSEHOLD APPLIANCE STORES	JEWELRY STORES	ALL OTHER RETAIL STORES
1944						
June	515	138	237	15	44	81
1945						
June	532	151	237	11	40	84
1946						
June	609	210	299	17	63	110
1947						
January	985	337	352	27	114	155
June	1,155	423	395	36	119	182
December	1,688	650	528	52	192	266
1948						
January	1,616	632	502	52	176	254
June	1,764	720	541	68	187	278
December	2,141	874	631	82	217	337
1949						
January	2,003	816	593	78	201	315
February	1,919	780	577	75	185	302

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE-ACCOUNT SALES
1944—December	64	4	32
1945—December	64	4	32
1946—December	57	5	38
1947—December	57	6	37
June	55	6	39
December	54	7	39
1948—January	54	7	39
June	52	7	41
December	53	6	41
1949—January	52	7	41
February	51	7	42



Granting Credit in Canada



C. B. FLEMINGTON . . . Canadian Correspondent

Consumer Finance

A. J. BRAY, *Branch Manager, Household Finance Corporation, Montreal, Quebec, Canada*

IN DISCUSSING this subject I shall try to answer three main questions. First, what caused the development of the specialized business of small sum lending? Second, who borrows from consumer finance companies? Third, why do people borrow from these agencies?

Consumer lending is as old as society itself. We find attempts to regulate it as early as 2000 B.C. in the code of Hammurabi in ancient Babylonia. In 638 B.C. in Greece, Solon attempted many reforms to eliminate the antisocial practices which had developed. All down through the ages we can trace evidence of the problems created by consumer lending and the efforts taken to control abuses. However, let us begin our story in the early years of the Twentieth Century when our present consumer credit agencies assumed economic importance with the coming of Mass Finance. Three or four generations ago, people considered borrowing money for consumptive purposes a sign of thriftlessness. Each family, established on its own land, was expected to supply through its own efforts all the necessities of normal living.

Modern industrial development changed all this by forcing the growth of urban communities wherein the family became entirely dependent on "money income." This in itself created a problem and the need for a new form of money-lending service developed rapidly. Banks were at that time not interested in consumer loans for a number of reasons:

- (1) The average bank was able to employ its assets profitably in financing agriculture and business enterprises,
- (2) The extension of consumer credit was considered unprofitable because loans for small amounts entail high operating costs, in excess of the rates of charge which were permitted banks under the usury laws.
- (3) Commercial banks were traditionally reluctant to grant credit for "non-productive" purposes, and
- (4) There was a social stigma attached to such loans.

As a result, the wage earner either went without cash or he was forced to deal with the "salary buyers," "note shavers," "loan sharks," and "money bootleggers."

In 1908-9, the Russell Sage Foundation, an independent fact-finding organization founded for the improvement of social and living conditions in the United States, published studies giving factual description of abuses in the small-loan business and suggested certain remedies, which in broad terms urged licensing of all money lenders, adequate supervision, effective penalties for violation and reasonable charges fair to the lender as well as the borrower.

Seven years later the American Association of Small Loan Brokers was formed. It drew up a code of ethics

and made certain recommendations to the Foundation. This finally resulted in the Uniform Small Loan Law. This has been amended from time to time but is still the basis for effective small loan legislation in the United States and Canada.

More enlightened members of the industry, heartened by the serious attempts being made in the United States to regulate small sum lending and eliminate the unscrupulous operator, began their fight for Canadian legislation. Aided by the Better Business Bureaux, Chambers of Commerce, welfare agencies, the Press, and certain legislators, these leading small loan companies eventually achieved a workable law which was passed in 1939 and became known as the Canada Small Loans Act. This Act sets an all-inclusive maximum charge of 2 per cent a month on the unpaid balance for loans under \$500.00.

Who borrows from small loan companies, or consumer finance companies as they are now more generally known? A representative table was recently developed by the American Association of Small Loan Companies. This table showed:

	Per Cent
Skilled and semi-skilled workers . . .	49.24
Office workers	16.63
Managers, superintendents and foremen	10.17
Business-for-self	8.45
Salespersons	4.76
Schoolteachers	4.04
Unskilled workers	4.00
Professional persons	1.98
Persons with independent incomes63
Unclassified10

Why do people borrow? Without breaking these classifications down into actual percentages, the records show the following in order of importance as the major reasons given by applicants for the use of borrowed money:

1. Medical, dental and hospital expenses.
2. Taxes.
3. Fuel.
4. To consolidate over-due bills.
5. To make home repairs.
6. Travel and vacation expenses.
7. Clothing and home furnishings.
8. To take advantage of money-making opportunities.
9. Real estate and mortgages.
10. Insurance, automobile expenses and education.

In Canada today, consumer finance companies employ approximately 50 million dollars in supplying a consumer finance service in all the major cities from coast to coast. Equity of charges and terms has been assured by the Dominion Act which is applicable to all ten Provinces.

Highlights of District Six Conference at Winnipeg

THE CREDIT GRANTORS of Winnipeg staged a highly successful District Conference and the Program Committee arranged an interesting and constructive program. On Sunday morning, March 20, there was a pre-conference board meeting of the Midwest Council, Credit Women's Breakfast Clubs of North America, presided over by Mrs. Perdita Mockett, President. At 2:30 in the afternoon, there was a "Get Together" at which club problems were discussed, conducted by Mrs. Mockett. At 3:30 there was informal entertainment for Breakfast Clubbers, and at 5:00, the annual business meeting was held.

A joint meeting of the Credit Bureau and Collection groups of the 9th District, A.C.B. of A. was held on Sunday. The meeting was presided over by John H. Coad, President of the Credit Bureau division. That evening at 8:30 there was a "Get Together" of all delegates, a very dignified affair, enabling many of the delegates to become acquainted.

The Annual Bosses' Breakfast of the Winnipeg Credit Women's Breakfast Club, attended by more than 300 delegates and guests, was held Monday morning with Lydia Kuhn, President of the club, presiding. The Speaker was Mrs. Garnet Coulter, wife of the Mayor of Winnipeg, whose address was enthusiastically received. It is hoped to print it in an early issue of *THE CREDIT WORLD*.

The conference was called to order by Karl G. Slocomb, President of District 6, N.R.C.A. The address of welcome was delivered by His Worship, Mayor Garnet Coulter, following which there were four interesting and diversified addresses.

The luncheon at noon, which was attended by all delegates, and at which there were approximately 300 present, was followed by an excellent address "European Note Book" by Eddie Armstrong, City Editor, *Winnipeg Free Press*, who had recently returned from Europe.

In the afternoon there were meetings of Credit Bureau and C.S.D. members of the A.C.B. of A. and at the N.R.C.A. session there were four addresses, one on "Employee Training," by R. S. Carey, Personnel Superintendent, Hudson's Bay Co. The outstanding address of the afternoon was by Rev. W. G. Martin, D.D., Minister, Grace United Church, Winnipeg. His address was not only inspirational but sound, and suggestions have been made that the Retail Credit Association of Minne-

apolis invite Dr. Martin to deliver the keynote address at the District Conference to be held in Minneapolis, Minn., March 26-28, 1950.

The banquet on Monday evening was delightful. The dinner was delicious, the service excellent, and the address, "The Wide Open Spaces," by Professor R. A. Wardle, M.S.C., F.R.S.C., of the University of Manitoba, was outstanding. It was, contrary to expectations, in a humorous vein.

At the banquet, Karl Slocomb presented to Mr. and Mrs. Dean Ashby, a beautiful figurine, a gift of the District. The picture in the lower right-hand corner shows them opening the box. The others in the picture are, left to right, Harold Genser, President, Credit Granters' Association of Canada, who introduced the banquet speaker, and Mr. and Mrs. Karl Slocomb. In the picture in the lower left-hand corner, on the left, is retiring President Slocomb and the newly elected President, Jack L. Allan, Juster Brothers, Minneapolis, Minn. Following the banquet, there was dancing until midnight.

At the combined meeting on Tuesday morning, there was an address by Mrs. Perdita Mockett and one by Dean Ashby, President, N.R.C.A. There was a panel discussion "Better Serving Bureau Customers," from 10:30 to 11:30, headed by Harold A. Wallace, Executive Vice President, Associated Credit Bureaus of America, and John L. Spafford, Manager, Collection Service Division of that organization. At 11:30 there was an election of officers and directors as follows: President, Jack Allan, Juster Bros., Minneapolis, Minn.; Vice President, Elmer G. Nordstrom, Petersen-Harned-Von Maur, Davenport, Iowa; and Secretary-Treasurer, Fred R. Cox, Gold & Co., Lincoln, Neb. Directors: Myrtle Plymate, Buttreys, Sioux Falls, S. D.; Bert King, Roberts Dairy, Sioux City, Iowa; Hans Farver, French-Bassett & Scott, Duluth, Minn.; O. J. Van Lander, John W. Thomas Co., Minneapolis, Minn.; Gladys O'Donnell, Herzberg's, Omaha, Nebr.; John Hickey, Personal Finance Co., Davenport, Iowa; Marie Nugent, Olson Jewelry Co., Fort Dodge, Iowa; Karl G. Slocomb, Black & Armstrong, Winnipeg, Man., Canada; Jeanette Midgordon, *Register & Tribune*, Des Moines, Iowa; and Marian L. Arneson, Fargo Clinic, Fargo, N. D. Rex A. Smith, Ben Simon & Son, Lincoln, Nebr., was elected National Director, and Elmer G. Nordstrom,



Petersen-Harned-Von Maur, Davenport, Iowa, was elected Alternate National Director.

By an amendment to the District Constitution and By-laws, all past presidents of the District are to serve as members of the Board of Directors.

President Slocumb, who presided over the meetings in a masterful fashion, and the District officers and directors and members of Committees of the Winnipeg Association were given a rising vote of thanks for "a job well done."

Mayor Installs Vancouver Officers



The Retail Credit Grantors' Association, Vancouver, B. C., Canada, held its 19th annual meeting and election of officers and directors, February 17. Andrew B. Gillespie, Forst's Ltd., was elected President. Prior to joining Forst's he had served 15 years with the T. Eaton Co. Other officers elected were: W. Geoff Ellis, T. Eaton Co., British Columbia Ltd., Vice President; Harry C. Buker, Begg Motor Co. Ltd., Treasurer; and Tom Downie, The Credit Bureau, Secretary. Directors elected and the committees they will head are: Lou Groom, Imperial Oil Ltd., Programme; Wally Kerr, Woodward Stores Ltd., Educational; Harold A. Bell, Bell & Mitchell Ltd., Bureau; Carl McCutcheon, Saba Bros. Ltd., Legislation and Terms; Fred Clarke, General Hospital, Entertainment; Ernie Baxter, Standard Oil of British Columbia Ltd., Community Credit Policy; and Tom Downie, The Credit Bureau, Membership. An installation ceremony was initiated at which Mayor Charles E. Thompson officiated, and which so impressed the membership that it will probably become a regular feature at future annual meetings. Pictured above, left to right, are: Mayor Charles E. Thompson, retiring President Paul Saxe, and incoming President Gillespie.



Theo. Beausoleil Honored

Theo. Beausoleil, Vice President of the Credit Bureau of Montreal, was honored recently by L'Est Central Commercial Incorpore de Montreal. The outstanding merchants and executives of the largest French business section in Canada form this association and at their annual meeting at the Club Canadien on March 15, Mr. Beausoleil was made President. He has been active in the association, acting as a director for over seven years, and has always been a most strenuous worker toward the advancement of efficient business methods and co-operation. This honor is an additional recognition of his already large contribution to the business and social welfare of Canada. Mr. Beausoleil is also a director of La Caisse Populaire and of La Palestre Nationale, a Governor of the Canadian National Institute of the Blind, on the committee of the Credit Section of the Chambre de Commerce and a member of the Club Canadien.

Store Operation Course in Montreal

The Chambre de Commerce of Montreal, with a membership of 4800, the largest in Canada, has been conducting a study course on Retail Store Operation at the offices of the Credit Bureau of Montreal. A series of 12 courses was undertaken and Theo. Beausoleil of the Credit Bureau of Montreal lectured a class on "Credit Bureau Operation." The last lecture took place on March 14 and the 90 students who attended the courses took their examinations in April. Congratulations to these students!

Vancouver Credit Women Sponsor Course

The Credit Women's Breakfast Club, Vancouver, B. C., are sponsoring an educational course of eight weekly lectures based on the text and reference book of Dr. Clyde Wm. Phelps, *Retail Credit Fundamentals* supplied by the National Retail Credit Association. Lecturers are selected from prominent local credit executives. Evidence of the timeliness and need for the course is the fact that 149 students attended the first lecture. Significant also is that over 100 of these students were newcomers to the retail credit profession. A few old-timers enrolled for the course, partly as a refresher and partly with the thought that something new would be obtained through having different lecturers than those who conducted previous educational courses. The picture below shows the class in session, with guest lecturer George Kostman, Famous Cloak & Suit Co., and the Chairman of the Educational Committee, Mrs. Doris Taylor, seated in the aisle.



The *Factbilt* ROUND TABLE

A page devoted to improving the mutual cooperative relationship between members of the National Retail Credit Association and the Associated Credit Bureaus of America

They're People—Not Offices

THE OLD SAYING that "Business is people" was very forcefully brought out the other day in some remarks by Henry C. Alexander. Henry took a few minutes from his responsibilities as credit manager for Belk Brothers (Charlotte, North Carolina) to say some warm things about his friends in the credit fraternity. They made me feel good . . . I think that you will like them too.

To begin with, Henry took exception to our ACB of A CREDIT WORLD ad signature—"2300 credit bureaus and collection offices serving North America's credit granters." He poked fun at the fact that we point with pride to the number of our members, and he disapproved of our use of the word "serving" in connection with our relationship to credit granters. And then Henry brought us back (as ever so often one needs to be brought back) to the real truth, that business *is* people, even if the statement is hackneyed.

"The credit profession," Henry said, "is a peculiar one. Individually we are employees, officers, or even part-owners of strictly commercial enterprises. Our various firms are operated to make profits. In order to do so, we must operate in an efficient manner."

"The very nature of our calling tends to overdevelop that spirit of caution and care necessary to protect our firms from loss. We look over our prospective customers, we listen to their stories—but we investigate to ascertain if they are telling us the truth, the whole truth, and nothing but the truth before they get the goods."

"If an uninformed outsider were asked to nominate the most unlikely group to operate on a warm, cordial, friendly basis, we would probably stand an excellent chance to be number one choice, because of this wary attitude we must maintain in business."

We Are Friends

"But that is definitely not the case. During the past years, I have had the privilege of attending and addressing numerous trade and professional groups at their annual conventions. Those meetings were all good meetings—but they are not like our credit meetings. Those people were delegates—we are friends! Those people never stopped being physicians, dentists, contractors, chemists, salesmen or tombstone manufacturers or whatever they were. We are just 'folks.' Theirs was a convention—ours is a family reunion. We just belong together."

"And so I don't like to think of '2300 offices.' Rather I think of 2300 friends, associates who are helping me do a job. They are not offices, but real human beings. They'll kid the pants off me, like dozens did when I got caught in an elevator door, but they will work day and night for me too, like Boston's credit granters are working to plan for the 35th Annual International Consumer Credit Conference this June."

"And they don't 'serve.' Rather, they are a part of your organization. They don't work *for* you—they work *with* you. Get in a jam and call on them for help, and see what you get: Time and effort that money couldn't buy—and at the most they'll charge you the price of a steak dinner!"

The American Way of Life

"And one more thing about your ad signature. They are helping not only the *credit granter*, but the whole retail system of distribution! And since that's the heart of the American Way of Life, they're part of something that is big and fine."

"They wouldn't expect a 100 per cent rating on all their service, because they know there's still room for improvement, but they do rate 100 per cent for effort. They are honest and sincere in a constant effort to improve, and that's all anyone can do."

"So let me suggest a new line for your ad: 2300 grand people and their associates—your friends and mine—helping you and me to do a better job in keeping America the way we like it."

Thanks a lot, Henry. You said it all much better than we could have. We know that credit bureau service hasn't reached the stage of perfection yet. Maybe it never will. But all of us working together can so refine it that it answers every known present need and meets future needs as they arise.

Long ago we found that credit information could be used for personnel reports, FHA loans, FBI investigations, etc. In the same way, in the future, we may hope to find new ways to help credit granters and the rest of the public.

And the final point—as you say—we aren't just credit bureau managers or collection service managers or credit granters. We are people who are *friends*. We are working together to do a better job not just for America's credit granters, but for the country and the world. ★★★

Business Conditions and Outlook

• Trade and Industrial Activity Lagging, but Close to Last Year •

BUSINESS VOLUME at the beginning of the second quarter of the year is continuing at a very high rate, although in many places it has declined somewhat below the exceptionally high level of a year ago. The general average of all business, which includes retail trade, industrial production, and financial transactions, is about the same as it was during the first part of last year. In a few sections of the country, activity is higher but even in these areas the gains have been relatively slight. All changes have been moderate, and few significant indications have pointed toward any striking modifications in the rate during the next few months.

WEATHER CONDITIONS and declining prices of farm products have broadened the areas in which business is substantially lower than it has been for many months. Hence, the agricultural sections of the country are making the least satisfactory showing. The current comparison, however, is with an extremely high level and does not indicate even a significant recession, although the trend is less favorable than it has been for many years. In relation to the low prewar level, farm conditions are still somewhat better than in most other sections of the country.

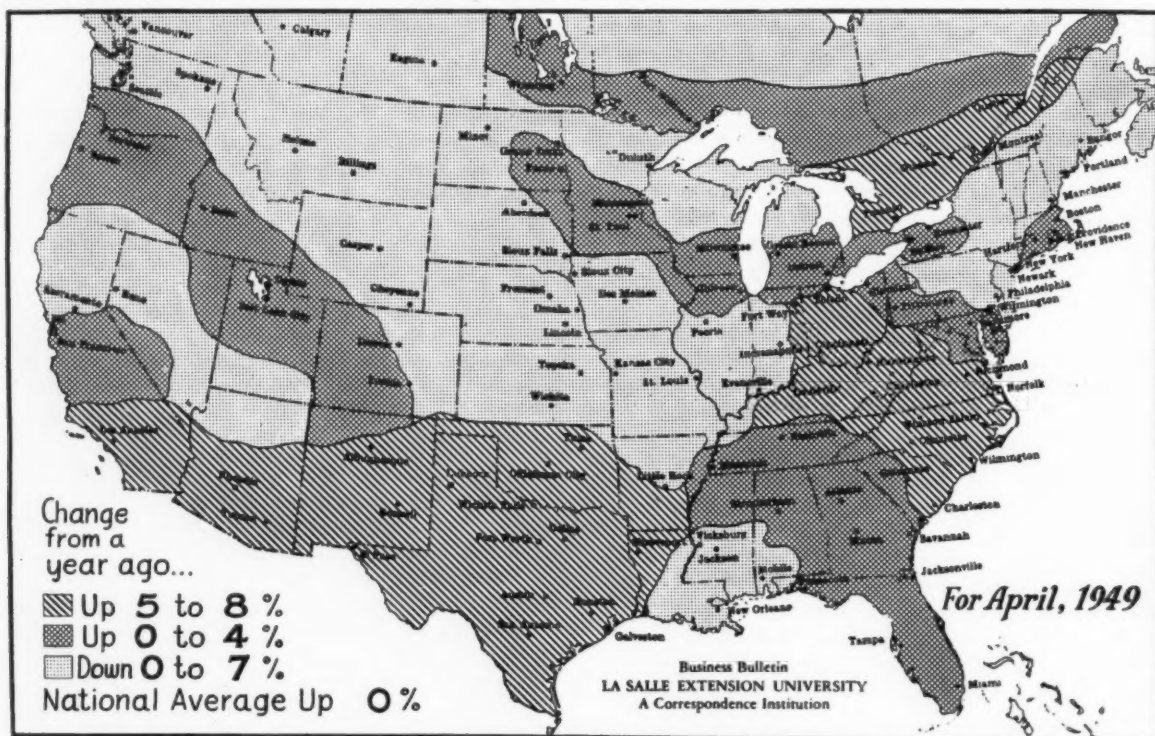
THE LARGEST AREAS in which the volume of business has increased more than the national average includes considerable sections of the South, the Southwest, and the eastern half of the Great Lakes region. In some communities throughout that section, business volume is as much as 10 per cent higher than it was a year ago. Expansion in some industries has been enough to more than offset the declines in others. Those trends are expected to continue but in a relatively moderate way. Stability rather

than advances is likely to be most predominant throughout the next few months.

APART FROM the agricultural regions, the least satisfactory showing is being made in the Northeast and in a smaller area around the lower part of the Mississippi valley. In New England, substantial readjustments continue to be made among many of the consumer-goods industries which are predominant in those states. Activity in several of the industrial cities shows some striking indications of moderate increases as the demand for goods continues to be large enough to sustain operations at a high level. Even the textile industry has recently been showing some improvement or much less decline than was expected some time ago.

IN THE WEST, the southern half is making a somewhat better showing than the northern part. Extreme weather conditions in the Pacific Northwest have slowed down activity in many lines. Most recent reports indicate some improvement, however, and very likely the Map next month will show a much more favorable shading. Basic conditions are suitable for a continuation of the expansion which has been taking place there.

THE TREND OF BUSINESS in Canada is quite similar to that in the United States, although in some areas the falling off has been somewhat greater. The area north of the Great Lakes, including both industry and agriculture, is the most significant favorable part of the country. The farming regions of the central and western sections report conditions somewhat less favorable. In spite of these declines, however, trade and industry are holding quite steady. The outlook for the future is favorable for a continued high level of activity.—Federal Reserve Board.



In The NEWS



AMERICAN COLLEGES and Universities conferred 318,749 degrees during the academic year 1947-48, according to the United States Office of Education. It was reported 208,581 of the degrees went to men and 110,168 to women.

★ ★ ★
THERE ARE almost four million children born in the United States every year. Despite fads and foibles, the front-running names are still Mary, six million, and John, four million. There are already over ten million Marys in the United States and James, Charles, George and William account for another fifteen million.

★ ★ ★
THE DEPARTMENT of Commerce predicts that the forth-coming census will show an increase of the number of manufacturing establishments from 185,000 in 1939 to more than 250,000 in 1947, an increase of 35 per cent.

★ ★ ★
FOR THE SECOND consecutive month, consumer instalment loan balances declined slightly, bringing the total to 3,167 million dollars on February 28. The receivables of each type of lender either were lowered slightly during the month or remained on the same level. The total amount outstanding continued considerably above that of the corresponding date last year. Volume of loans made during the month totaled 420 million dollars, an amount nearly 6 per cent below the January figure, but slightly greater than February, 1948, volume.

★ ★ ★
THE CONSUMER is better off, by three cents on the dollar, than he was a year ago according to calculations by Investors Syndicate. The average consumer's income is now \$1.05 for every dollar he made a year ago, but it takes \$1.02 to buy what \$1.00 would buy then.

★ ★ ★
A MECHANIZED typewriter which looks much like any other standard office typewriter operates on rolls of punched paper similar to that of a player piano roll. It can address up to 1,440 envelopes a day. Under certain conditions it can turn out about 152 letters of 20 lines a day.

★ ★ ★
BUSINESS FAILURES in 1948 were the highest since 1942 according to Dun and Bradstreet. The total is still only a third of the prewar normal. Of particular interest in the report was the sharp increase in failures among retailers, 79 per cent greater in 1948 than in 1947, with food stores leading the list, followed closely by hardware and building materials retailers.

★ ★ ★
MOST WORKING girls have husbands as well as jobs according to a new Census Bureau survey. Before the war it was the other way around. Most girls who had jobs did not have husbands. There are 8.3 million married women workers and only 5.9 million bachelor girls earning their living, about a 4 to 3 margin.

★ ★ ★
THE AVERAGE retail salesperson is only 71.4 per cent efficient, according to a nationwide survey covering 40,000 individuals.

★ ★ ★
EVERY TELEPHONE subscriber in Dade County, Florida, recently received a telephone call telling them about a forthcoming dollar day. The phoning was done by employees of the local retail merchants association.

★ ★ ★
IN 1870, all but 20 per cent of the people in the United States could read and write. By 1900, all but 10.7 per cent of the people could read and write. Today only 2.7 per cent are illiterate.

★ ★ ★
THE VALUE of a Credit Department is measured by the profit it makes and not the amount of its losses. The Manager of Credit Sales must have the vision of volume before him, rather than the objective of selecting only safe credit risks.

ALTHOUGH REGULATION W has complicated the work of the credit department, it was credited with improving collections considerably at a meeting of the Associated Retail Credit Men of Chicago held recently.

★ ★ ★
GRANTING UNSOUND terms as a means of building credit sales increases operating costs and is an expense that is often overlooked.

★ ★ ★
CIVILIAN EMPLOYMENT in the Federal Government during February totaled 2,104,979 persons, an increase of 2,170 over January.

★ ★ ★
FURNITURE STORE sales declined slightly from January to February, and were 9 per cent below the year-ago volume. Cash and charge-account sales were down 8 per cent and 3 per cent, respectively, somewhat more moderate rates of decrease than in the preceding year. Instalment sales were unchanged from the January level. Both cash and credit transactions continued in smaller volume than in the corresponding month of 1948.

★ ★ ★
FOLLOWING 1933, the birth rate moved slowly upward as general business conditions improved. It rose rapidly after 1940, reaching a wartime peak in 1943, and declining in 1944-45 as large numbers of men went into the army and overseas. The rate rose again at the war's end, increasing 19 per cent from 1945 to 1946 and 11 per cent from 1946 to 1947.

★ ★ ★
EVEN THOUGH there is a ringing sound from a silver coin when it is dropped, it does not necessarily mean that it is genuine. It may mean that it is worn or it may have an imperfection in it when minted. Some coins that are counterfeit have been made so they have the proper ring. Some time ago, many thousands of counterfeit half dollars were placed into circulation in the East before the counterfeiters were apprehended.

★ ★ ★
INSTALLMENT ACCOUNTS outstanding at furniture and jewelry stores declined seasonally in February, but at a somewhat more rapid rate than occurred in the corresponding month of 1948. Household appliance store accounts receivable were also reduced, but were 44 per cent larger than a year earlier. Balances at furniture and jewelry stores, however, continued to show much smaller gains over the levels of the preceding year.

★ ★ ★
TRAFFIC DEATHS dropped one per cent in 1948, reaching a total of 32,200 as compared with 32,500 in 1947, but injuries increased 8 per cent, according to figures released by The Travelers Insurance Companies.

★ ★ ★
HIDDEN FAILURES are rising. These are cases in which creditors see failure coming and make settlements without resorting to the courts. The advantages are: prompter payment, lower close-out cost; and more assets to apply on claims. It might be worth while to watch accounts receivable carefully and pay particular attention to any that slow down.

★ ★ ★
THE FEBRUARY collection ratios on instalment accounts of furniture and household appliance stores declined one point to 15 per cent and 28 per cent, respectively. At jewelry stores the ratio of collections to accounts outstanding on the first of the month was unchanged at 17 per cent. Instalment accounts for the three kinds of business were repaid somewhat more slowly than in the corresponding month of 1948.

★ ★ ★
THE TOTAL MORTGAGE debt outstanding during the last 3 years has shown a sharp rate of gain. During 1946, \$4.4 billion was added to the total outstanding; during 1947, \$5.3 billion; and during 1948, an estimated \$6.3 billion.



Make Conventions Pay

TO JUSTIFY the cost in money and time attending conventions each member is urged, before leaving for the 35th Annual International Consumer Credit Conference, to resolve to attend each morning session and the group meeting each afternoon at which credit problems of his business are discussed. In addition to becoming acquainted with fellow credit managers at these informal "get-togethers," many worth-while ideas are developed.

The 1949 Conference has been streamlined to give you addresses by two outstanding speakers and an outline of our Washington Counsel on future national legislative plans. The remainder of the program will be devoted to credit forums of an hour each on Tuesday and Wednesday mornings, which will prove highly interesting and constructive. The Thursday morning panel on "Improving Credit Reporting" will enable you to take home suggestions for credit bureau improvement and closer cooperation between the Credit Bureau and your department.

For the benefit of members, educational exhibits of office equipment, etc., will be brought to you by the leading manufacturers of the nation. You owe it to yourself and your firm to visit such exhibits. It will enable you, on your return home, to discuss intelligently the latest in equipment and procedures.

Make your plans NOW to spend June 20-23, 1949, in Boston and exchange ideas on the problems which now confront credit granters of North America.

Attend and learn.

General Manager-Treasurer

